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ABSTRACT

This book investigates a variety of contemporary issues, both domestic U.S. concerns and those of an international focus that involve the United States. The introduction develops the context of the book by discussing the Reagan legacy, the 101st Congress, the Supreme Court, and the making of the U.S. federal budget. The domestic policy issues of the economy, education, civil rights, social programs, health care, immigration, energy, environment, agriculture, and crime are reviewed. The foreign policy issue areas covered include the Soviet Union, defense, Central America, the Middle East, international trade, Western Europe, nuclear proliferation, world poverty and U.S. foreign aid, South Africa, and China. The discussion of each of these domestic and foreign policy issues is developed in depth through the identification of the key questions in each topic area, an extensive background summary, a listing of the current critical issues for each topic area, pro and con debates on key points, and a short outlook projection for the topic area. The book is illustrated with photographs, maps, graphs and charts, and editorial cartoons on the subject matter. (PPB)

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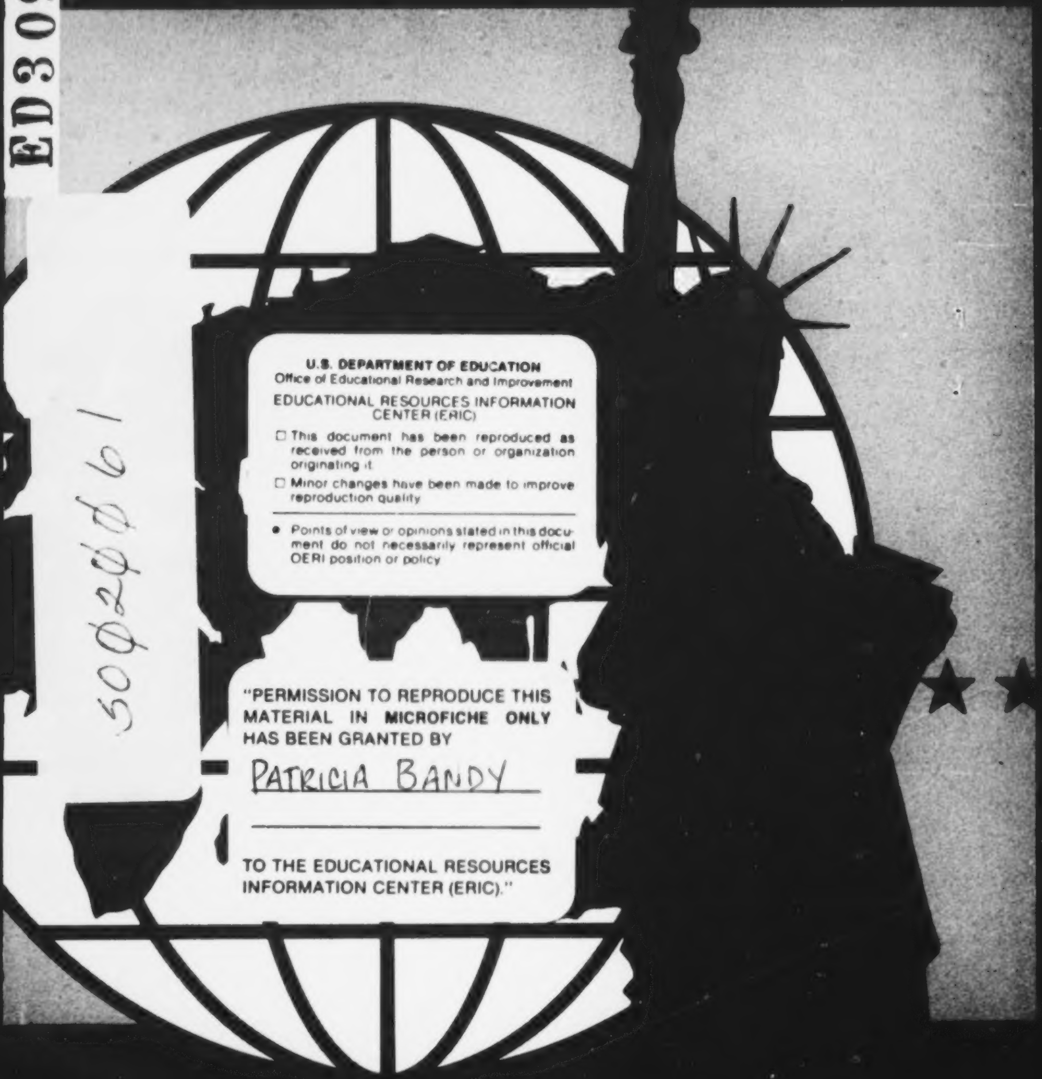
Current Issues

1989 EDITION

Critical issues confronting the nation and the world



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Close Up Foundation

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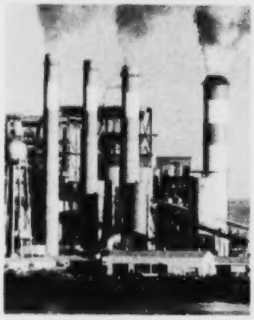

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The Reagan Legacy

During the 1980 presidential campaign, Ronald Reagan outlined a plan that he would undertake if elected. His plan called for sweeping changes in the government—"Government isn't the solution to our problems," he said. "Government is the problem." As President Reagan delivered his first inaugural address on January 20, 1981, millions of Americans believed that "morning had come to America."

For several years prior to the 1980 election, the United States suffered from a "crisis of confidence." High unemployment, rising inflation, and low productivity made the economic outlook bleak. The Iranian hostage crisis of the late 1970s seemed to confirm America's loss as a global power—particularly in the face of worldwide terrorism. Many people were convinced the nation was in decline.

President Reagan believed that America's problems stemmed not from new economic and global realities, but from misguided public policy. He saw a federal government that had grown too large, too expensive, and too restrictive. And he saw a reluctance by American leaders to forcefully defend U.S. interests abroad. The United States could regain prosperity at home and prestige overseas, but, Reagan claimed, it would require major changes in taxation, defense spending, and government regulation of the economy. And so "the Reagan Revolution" was born.

To "get the government off the backs of the people," President Reagan pledged to cut government spending, deregulate business and industry, and lower taxes. To reassert America's global influence, the president promised to rebuild its military strength and act quickly to contain the further spread of communism throughout the world.

The Economy. President Reagan brought with him to the White House a new economic philosophy that he believed would solve the nation's economic woes. It was called *supply-side economics* and was based on the idea that government's role in the economy should be limited. Supply-side economics operates on the principle that business grows and consumer spending increases in a free marketplace not controlled by government.

In 1981, Reagan asked for—and Congress approved—the largest tax cut in history. At the same time, the president cut government spending on social programs.

The tax cut had an immediate effect. Inflation dropped dramatically, from double-digits to less than 2 percent. After a short but severe recession—and bolstered by government deregulation of industry and an increase in *privatization* (the takeover of selected government programs by private industry)—the economy made a strong recovery. Between 1982 and 1987, the nation's national wealth grew by $2 trillion. In addition, in 1986, President Reagan signed into law a new tax code that he believed would redistribute the tax burden more fairly among individuals and encourage business expansion.

However, increases in federal spending in other areas, especially defense, more than offset the reductions in social programs. The tax cut, combined with high government spending in defense, tripled the federal budget deficit. The United States had to borrow heavily from foreign investors to cover its debts. In five years, the United States went from being the world's largest creditor nation to the world's largest debtor nation.

Reagan's Defense Policy. Throughout the 1970s, the Soviet Union had made political and territorial gains on every continent. When President Reagan came to the White House, new Marxist regimes were in power in Nicaragua, Ethiopia, South Yemen, Angola, Cambodia, and Afghanistan; and communist rebels threatened the stability of many Third World countries. Increased Soviet naval power throughout the world threatened U.S. control of the oceans. In addition, arms control negotiations between the United States and the Soviet Union had broken down.

President Reagan believed that it was imperative that the United States act quickly to counter Soviet military expansion. "Peace through strength is not a slogan," he said. "It is a fact of life. And we will not return to the days of handwringing, defeatism, decline, and despair." Reagan's defense policy relied on a three-pronged approach: (1) a military build-up in conventional and nuclear forces in preparation for renewed arms control negotiations with the Soviet Union; (2) the creation of a new space-based defense system known as the Strategic Defense Initiative (SDI); and (3) the use of U.S. forces in limited confrontations to protect American interests abroad.

Military Build-up. President Reagan believed that for the last decade, in the wake of the Vietnam War, military spending had been severely cut. He believed that it was time to make the nation strong once again. Consequently, President Reagan initiated an unprecedented peacetime arms build-up, including development of the MX Missile, the B-1 bomber, and the Trident submarine and Trident missile.

Strategic Defense Initiative (SDI). President Reagan's most important defense project was SDI, a non-nuclear, space-based defense system. He saw it as a "peace shield." SDI was a sophisticated system of lasers that could destroy enemy missiles before they reached the United States. President Reagan said that SDI would end the arms race by rendering nuclear missiles useless. However, many people, including Soviet leaders, feared that deployment of SDI would escalate rather than defuse the nuclear arms race and that it would turn outer space into a new nuclear battleground. Many members of Congress also objected to SDI, claiming that its cost—$26 billion to research and $91 billion to deploy—was too high in the face of mounting budget deficits. Faced with criticism at home and abroad, President Reagan downgraded his plans for SDI in the last years of his presidency.

Use of Force. In President Reagan's view, many conflicts around the world were instigated by the Soviet Union and its allies such as Syria and Cuba. He felt that the United States must regain its role as protector of the free world by responding aggressively to Marxist aggression. In 1983, Reagan sent U.S. Marines to Lebanon to shore up a moderate government on the verge of collapse. And later that year, American troops invaded the island nation of Grenada after a Cuban-supported government had seized power. When Iran threatened to cut off the Persian Gulf to all shipping in 1987, President Reagan sent navy warships to escort friendly Arab oil tankers. In 1988, when Nicaragua's Sandinista troops attacked antigovernment *contras* based in Honduras, Reagan sent American troops to Honduras for training exercises and as a show of U.S. force.

The White House

Ronald Reagan, the nation's oldest president, displayed a youthful vigor that helped sustain him through two terms. President Reagan enjoyed horseback riding and other activities.

The Reagan Doctrine. One of the cornerstones of the president's foreign policy was the support of anticommunist forces around the world, which came to be known as the "Reagan doctrine." Under the Reagan doctrine, the United States supported anticommunist rebels in Afghanistan and Angola, among others.

One of President Reagan's most controversial foreign policy stands was his support of the *contras*. Beginning in 1982, the president began asking Congress to authorize humanitarian and military aid to the anticommunist resistance fighters *(contras)* in Nicaragua. And every year *contra* aid was one of the most heated foreign policy debates in Congress. President Reagan argued that the *contras* were the only force standing in the way of a communist takeover in Central America. Many members of Congress disagreed, claiming that the problems in Nicaragua were internal, and the United States had no right to interfere with the domestic affairs of another country, no matter how much we disliked its policies. However, Reagan was able to gain large military and humanitarian aid packages for the *contras* several times during his tenure in office.

U.S.-Soviet Relations. Few experts would have predicted the dramatic change in President Reagan's policy toward the Soviet Union. At the beginning of his presidency, Ronald Reagan believed that the Soviet government was the chief source of trouble in the world. He referred to the Soviet Union as "the evil empire." However, by the end of his term, Reagan had signed a major arms control agreement with Soviet leader Mikhail Gorbachev. Many people attribute this change in presidential policy to: (1) Reagan's assessment of Gorbachev as a Soviet leader who genuinely wanted peace; and (2) his growing confidence in America's military power, which allowed him to negotiate with the Soviets from a position of strength.

Ronald Reagan came to the White House believing that the Soviet Union remained unpredictable and dangerous. He viewed many conflicts in the world as contests between Soviet and American influence. In speeches, the president used strong, anticommunist rhetoric, and some people thought that during his first term Reagan was escalating the Cold War.

Soviet leader Mikhail Gorbachev and President Reagan sign a treaty banning intermediate-range nuclear weapons in Europe. This historic treaty marked the first time that the two superpowers agreed to destroy an entire category of nuclear weapons.

Bill Fitz Patrick/The White House

However, the Soviets were having their own troubles, including the deaths of three leaders in four years, a stagnant economy, and a draining war in Afghanistan. In 1985, a new Soviet leader came to power. Mikhail Gorbachev was younger, more educated, and more pragmatic than his predecessors. Gorbachev seemed eager to make peace with the United States so that he could concentrate on restructuring the Soviet economy. He introduced a policy of openness, or *glasnost*, which included a new freedom of expression and the release of political dissidents. President Reagan and his advisors became convinced that under Gorbachev, significant changes were taking place in the Soviet Union.

In 1985, American and Soviet negotiators renewed arms talks. The talks set the stage for a series of summits between Reagan and Gorbachev.

- In 1985, Ronald Reagan and Mikhail Gorbachev met in Geneva, Switzerland. It was the first summit between U.S. and Soviet leaders since 1979. Although major disagreements over arms control, human rights, and regional disputes were not resolved, the two leaders pledged to expand cultural and educational ties between their countries and to meet again.

- In 1986, Reagan and Gorbachev met in Reykjavik, Iceland, to negotiate missile reductions in Europe and plan Gorbachev's upcoming visit to the United States. However, the focus of the summit quickly changed. The two leaders discussed dramatic proposals to eliminate *all* nuclear weapons. The talks collapsed when Gorbachev demanded that the United States limit development of the Strategic Defense Initiative (SDI). President Reagan refused, arguing that limiting SDI would leave the United States vulnerable to nuclear attack.

- In 1987, after Soviet leader Gorbachev dropped his demand that SDI be scratched, Reagan and Gorbachev met in Washington, D.C., and signed a treaty banning intermediate-range nuclear weapons in Europe.

The Reagan Style. Although Ronald Reagan was the oldest man ever elected president, he came to epitomize the vigor and optimism that are so much a part of the American spirit. The media dubbed President Reagan "the great communicator" because of his ability to touch a deep chord in the American people. Whether or not they agreed with his policies, most Americans admired his courage and humor in the face of several personal crises that occurred during his years in office, including an assassination attempt in 1981, cancer surgery in 1985, and First Lady Nancy Reagan's cancer surgery in 1987.

In the beginning of Reagan's presidency, analysts praised the president for his management style. In Reagan's view, his job was to: (1) formulate policy, and (2) gain support for his policies in Congress and from the American people. His subordinates' jobs were to carry out those policies. Consequently, President Reagan remained somewhat "disengaged" from the day-to-day operations of his administration. However, after a series of scandals rocked his administration, Reagan was criticized for having too little knowledge of what his aides were doing in his name.

In Ronald Reagan's view, his primary responsibility as president was to gain support for his policies in Congress and from the American people. Reagan saw his subordinates carrying out the day-to-day operations of his administration.

Pete Souza/The White House

The Reagan Judicial Legacy

Ronald Reagan had a huge impact on the judicial system in the United States. President Reagan appointed three Supreme Court justices and more than half of all federal judges. Most Reagan appointees follow the judicial philosophy of "strict constructionism." Strict constructionists favor a literal reading of the Constitution in which the courts do not make social policy, but rather enforce the laws.

The Reagan Legacy. Although President Reagan vowed to balance the budget by 1984, he was never able to trim government spending. During the Reagan years, the budget deficit had tripled. Most experts agree that the new president's first priority will be to reduce the federal budget deficit. However, reducing the deficit will be complicated. The new administration will have few options to meet rising costs in many areas such as education, housing, and defense. At the same time, the new administration will benefit from Reagan's decentralization of government. State and local governments have taken on more responsibility, especially in human services.

During his presidency, Ronald Reagan focused much of his energy on U.S. foreign policy. The Soviets came back to the bargaining table, where together the United States and the Soviet Union began a new arms control process that the new president will likely carry forward. However, some people say that Reagan's willingness to send American troops into troubled areas actually raised tensions in many parts of the world. The new president will inherit explosive situations in the Middle East and Central America.

Historians will debate Reagan's legacy for years, but on one point there is little dispute. Ronald Reagan was one of America's most popular presidents. Observers often marveled at the chemistry that existed between Reagan and the American people. In the sometimes cold, often confusing world of politics, Ronald Reagan spoke in a language that the people understood. And Reagan demonstrated qualities of character—loyalty, a trust in his instincts, and luck—that Americans admire. If there was an overall theme to the Reagan presidency, it was that the American dream had not died. The Reagan presidency will be a tough act to follow.

The 101st Congress

The One-hundredth Congress found the Democrats firmly in control of both houses of Congress. For the first time in his two terms, President Reagan had to deal with a hostile Congress. Evidence of the conflict between the Democratic Congress and the Republican White House soon became apparent as the president vetoed highway and water project bills and civil rights legislation passed by Congress which, in turn, overrode the president's vetoes. Congress also refused, on several occasions, to approve President Reagan's request for aid to the anticommunist rebels in Nicaragua. And partisan conflict between the two branches was especially evident when the Senate refused to approve President Reagan's appointment of Judge Robert Bork to the Supreme Court.

Despite the conflicts, the One-hundredth Congress did produce major legislation in several key areas:

- Clean Water Act authorizes $20 billion to clean up the nation's waterways by providing funds to communities for construction of sewage treatment facilities.

- Civil Rights Restoration Act restores civil rights protection to schools, states, local governments, and private companies that receive federal assistance or provide public service.

- A comprehensive highway bill provides $88 billion for highway construction and repair, development of mass transit, and allows states to raise the speed limit to 65 miles per hour on rural interstate highways.

A joint session of Congress meets to hear the president's State of the Union address.

U.S. House of Representatives

In November 1988, one third of the Senate and the entire House of Representatives is up for reelection. And although some new senators and representatives will be part of the 101st Congress, many incumbents will be returning to Washington. However, for the first time in eight years a new president will occupy the White House.

When the 101st Congress convenes in January 1989, the members will face a complex agenda highlighted by the legislative program of the new president. Major issues to be considered include: reducing the federal budget, increasing taxes, restoring America's industrial competitiveness in the world economy, and funding for a space-based defense system.

Who's Who in the 101st Congress?

Each session of Congress brings change in the leadership of both the Senate and the House of Representatives. Competition for committee assignments is intense. Both parties want to place their members in powerful committee chairs so that they have better control over the legislative process. Who's who in the 101st Congress? See if you can find out, and fill in the name of the senator or representative, party affiliation, and state for each of the key positions listed.

Senate

President *Pro Tempore*

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture, Nutrition, and Forestry

Appropriations

Armed Services

Budget

Energy and Natural Resources

Environment and Public Works

Foreign Relations

Intelligence

Judiciary

Rules and Administration

House of Representatives

Speaker of the House

Majority Leader

Majority Whip

Minority Leader

Minority Whip

Committee Chairs

Agriculture

Appropriations

Armed Services

Budget

Education and Labor

Energy and Commerce

Foreign Affairs

Intelligence

Judiciary

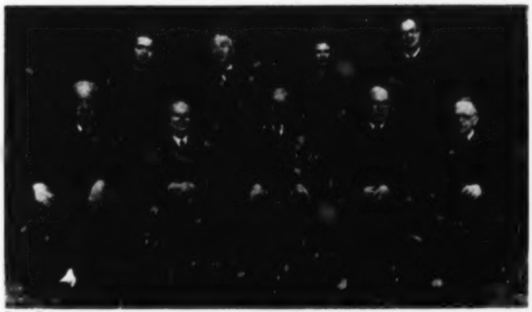
Rules

The Supreme Court

Congress makes the laws, the executive branch enforces the laws, and the Supreme Court, as the ultimate authority, interprets the laws and the Constitution. Supreme Court justices are appointed by the president with the approval of the Senate. Justices serve for life or until they resign.

The decisions of the Supreme Court can play a major role in shaping American political and social life. During the 1950s and 1960s, the Court, lead by Chief Justice Earl Warren, made sweeping changes in civil and individual rights, banned school prayer, and upheld the principle of "one person, one vote." However, when Warren Burger became the chief justice in 1969, the Court challenged many of the decisions of the Warren Court. For example, whereas the Warren Court emphasized the protection of the civil liberties of minorities, the Burger Court often held that the rights of minorities should not infringe on the rights of the majority. Also, while the Warren Court established strict procedures for police to ensure that the rights of those accused of crimes were not violated, the Burger Court permitted law enforcement authorities to commit minor, unintentional violations of constitutional liberties to prevent guilty defendants from going free.

In recent years the Supreme Court has undergone major changes once again. During his eight years in office, President Ronald Reagan appointed three new associate justices and a new chief justice to the Court. President Reagan made his first appointment to the Supreme Court in 1981 with the naming of Sandra Day O'Connor as an associate justice. In 1986, when Chief Justice Warren Burger retired, President Reagan chose



Bernie Boston

The 1988 Supreme Court, from left to right: Thurgood Marshall, Antonin Scalia, William J. Brennan, Jr., John Paul Stevens, William H. Rehnquist, Sandra Day O' Connor, Byron R. White, Anthony M. Kennedy, and Harry A. Blackmun.

associate Justice William H. Rehnquist to be the new chief justice. The president then appointed former Federal Court of Appeals judge Antonin Scalia to take Justice Rehnquist's place.

President Reagan was given an opportunity to appoint his third Supreme Court justice when Justice Lewis F. Powell, Jr., retired in June 1987. However, filling this position proved to be a problem for the president. President Reagan's first nominee was District of Columbia Court of Appeals judge Robert Bork. Judge Bork, a conservative, faced strong opposition from liberal groups who launched a massive media campaign against his nomination. In addition, many senators questioned Judge Bork's views on civil rights and privacy cases. Judge Bork did not receive the support of the Senate Judiciary Committee and his nomination was defeated on the Senate floor. President Reagan then nominated United States Court of Appeals judge Douglas Ginsburg. However, Judge Ginsburg withdrew his nomination after questions were raised about his lack of experience and his admitting to using marijuana as a college student and later as a law professor. Reagan's third nominee for the Court was Ninth Circuit Court of Appeals judge Anthony Kennedy. Although Judge Kennedy is a conservative, his confirmation proceeded smoothly through the Democratic-controlled Senate. He became the newest member of the Court in February 1988.

Most observers expect the Supreme Court to reflect the conservative philosophy of Ronald Reagan for many years to come. All three of

President Reagan's appointees to the Court are in their fifties and are expected to stay on the Court well into the next century. By contrast, three current Supreme Court justices are in their eighties. Therefore, like Ronald Reagan, the new president may have the opportunity to exert a strong influence on the Court.

The Supreme Court

Justice	Age	Appointed By	Year Appointed
William J. Brennan, Jr.	82	Eisenhower	1956
Byron R. White	71	Kennedy	1962
Thurgood Marshall	80	Johnson	1967
Harry A. Blackmun	80	Nixon	1970
William H. Rehnquist*	64	Nixon	1971
John Paul Stevens	68	Ford	1975
Sandra Day O'Connor	58	Reagan	1981
Antonin Scalia	52	Reagan	1986
Anthony Kennedy	52	Reagan	1987

*Chief Justice

The Making of the Federal Budget

Each year, Congress must work out a budget of expenses and anticipated revenues for the federal government. Decisions have to be made about how much money will be spent on defense, health care, foreign aid, and thousands of other federal programs. Congress must also decide how much tax revenue is needed to support these programs; how much the government can expect to receive; and whether changes in the tax code are necessary.

Executive Branch Budget Process. The executive branch and Congress share responsibility for the budget. The Office of Management and Budget (OMB) is responsible for drawing up the executive branch's budget for the upcoming fiscal year. The director of OMB reports directly to the president. The president relies on the director to track government spending and revenues and to establish a budget based on the priorities of the administration.

The Office of Management and Budget achieves the goals of the administration by analyzing the proposed budgets of every federal agency. Each year, OMB asks government agencies to estimate the costs of their programs over the next five fiscal years. (The fiscal year for the government begins on October 1 and ends on September 30.) OMB then revises agency budgets to conform with overall administration policy and budgeting goals. The administration's budget for the next fiscal year must be finalized by January 3 so that the president can submit it to Congress by the first Monday after Congress is in session.

The Budget Process for Fiscal Year 1990

Spring 1988
Office of Management and Budget (OMB) assigns government agencies a maximum amount for their budget proposals.

Summer 1988
Agencies submit their proposed budgets to OMB. Agency directors meet with OMB executives and the president's staff to justify proposed spending and to finalize budget.

January 1989
The president submits his budget proposal to Congress on the first Monday after January 3.

February 15, 1989
Congressional committees submit program estimates to budget committees.

April 15, 1989
Budget committees report the first budget resolution. The resolution sets targets for government spending by Congress.

May 15, 1989
Committees report authorization bills; Congress completes action on first budget resolution. Neither house may consider authorization or spending bills nor changes in tax revenues or the national debt until the first budget resolution is adopted.

May—August 1989
Congress completes action on all budget and spending bills.

September 15, 1989
Congress completes action on a reconciliation bill to bring the budget in line with spending bills. Congress may not adjourn until it completes action on these measures.

October 1, 1989
Fiscal year 1990 begins.

Congressional Budget Process. The role of Congress in the budget process is crucial. No government agency or program can operate without receiving approval and funding from Congress. Congress grants approval by passing an *authorization*. A typical authorization states the goals of a program, the requirements and limitations that Congress feels are necessary, and the amount that the agency is authorized to spend for the program. However, the authorization does not give the agency the money directly. Instead, Congress must approve for each agency a separate *appropriation* bill, which gives the agency the money to spend.

Congress is also responsible for raising the money for the government. To do this, Congress can create new taxes, raise the rate of old taxes, or authorize the Department of the Treasury to borrow money to make up the difference between revenue raised and money spent.

Authorization, appropriation, and revenue-raising legislation are usually considered separately by Congress. For many years, that made it difficult for legislators to keep track of the total amount they were spending. In 1974, Congress added an additional step to the budget-making process. Now Congress must approve a *joint budget resolution* before any money can be spent. This resolution sets guidelines for how much the government can spend in any area and predicts how much revenue the government will receive in taxes. Congress passes a *second budget resolution* later in the year, which reflects changes in the economy and in expected revenue. If appropriation bills already passed by Congress exceed the new limits, Congress uses a *reconciliation* bill to bring spending within the limits set by the second budget resolution.

BUDGET
OF THE
UNITED STATES
GOVERNMENT
1989

Although it contains more than 2,000 pages and weighs nearly seven pounds, the president's budget is one of the most popular pieces of literature in Washington, D.C. On the day that it is published, reporters often wait in line for hours to get a copy.

The Reagan Budgets. For thirty years before President Ronald Reagan was elected, Congress increased spending on domestic programs that were designed to relieve the effects of poverty, improve transportation, and clean up the environment. Measured in constant dollars, which eliminate inflation, domestic spending doubled from 1954 to 1961, doubled again by 1971, and nearly doubled again by 1981. During this same period, constant spending for defense declined 25 percent.

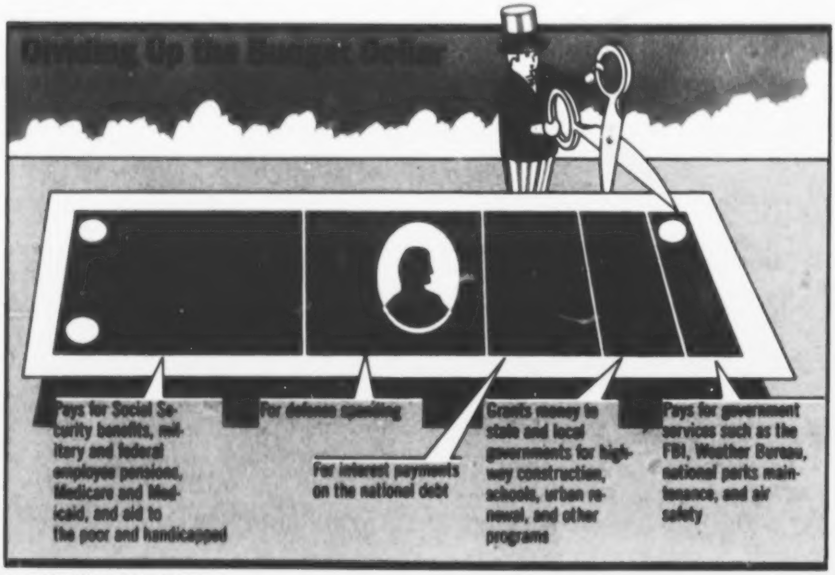
In 1981, President Reagan vowed to decrease domestic spending in order to reduce the states' reliance on federal assistance and to stimulate the economy with large tax cuts. The Reagan administration believed that a combination of cuts in domestic spending and a stimulated economy would result in a balanced budget within four years. Many members of Congress, primarily Democrats, attacked the president's plan. They argued that the budget cuts would take from the poor, while the tax cuts would give the savings to the rich. Any benefits to the economy, Democrats said, would be wiped out by the large increases in defense spending.

Despite its reservations, Congress passed most of President Reagan's proposals, including cuts in many domestic spending programs, a 25 percent reduction in personal income taxes, and large increases in defense spending. However, the immediate surge in the economy, which the administration predicted would result after the tax cuts were enacted, failed to appear. Instead, the economy entered a recession. Companies were unable to sell their products and had to lay off many of their workers. With people out of work and corporate profits down, the government took in far less tax revenue than expected; demand for social welfare services and unemployment benefits increased; and as a result, the budget deficit quickly grew to unprecedented proportions. A record deficit of $128 billion in 1982 grew to over $200 billion for several years before dropping to $150 billion in 1987.

Balancing the Budget. The options available to the president and Congress for reducing the budget deficit are limited. Of the more than $1.1 trillion being spent in fiscal year 1989, 42 cents of every dollar goes for cash payments to individuals in forms such as social security benefits, military pensions, or aid to the handicapped. Cutting that category of spending would adversely affect nearly 40 million households—47 percent of the nation's population.

The next 29 cents goes to the Pentagon for its day-to-day operations, training, and the purchase of new weapons and spare parts. From 1980 through 1988, defense spending had increased 50 percent above the rate of inflation. Many members of Congress believe that defense spending should be trimmed. However, much of the money to be spent in 1988 and 1989 will pay for the completion of ships, tanks, and aircraft ordered in previous years. A drastic cut in the defense budget for the next fiscal year probably would not show any budgetary impact for several years.

Fourteen cents of every dollar is virtually uncontrollable. It pays the interest on the national debt, which will be nearly $2.8 trillion by 1989.


Dividing Up the Budget Dollar
Pays for Social Security benefits, military and federal employee pensions, Medicare and Medicaid, and aid to the poor and handicapped
For defense spending
For interest payments on the national debt
Grants money to state and local governments for highway construction, schools, urban renewal, and other programs
Pays for government services such as the FBI, Weather Bureau, national parks maintenance, and air safety

Source: Office of Management and Budget

Interest payments will not decrease until the government reduces the annual deficit. Essential government services such as the weather bureau, the Federal Bureau of Investigation, and the Federal Aviation Administration cost 5 cents of every budget dollar. Many of these costs have already been pared, and budget experts agree that more cuts would limit the government's ability to provide these services smoothly and safely.

The remaining 10 cents funds state and local highway construction, schools, urban renewal, and other programs, and may be a target for cuts. However, the amount of money that could be saved in this category would not dent the overall national debt.

Two options are available to reduce the federal budget deficit. One option is to increase taxes. Many policymakers are firmly opposed to large increases in taxes. They believe that tax increases hamper economic growth by taking money away from individuals and by making businesses spend a larger share of their profits on taxes instead of on investments to improve and expand their companies. A second option to reduce the federal deficit is to reduce government spending. Over the last decade, Congress has considered a number of

The Federal Budget

In February 1988, President Reagan submitted a budget for fiscal year 1989 for nearly $1.1 trillion. The budget also estimates spending for fiscal years 1990 and 1991.

(outlays in billions of dollars)

	FY89	FY90	FY91
National Defense	$294.0	$306.2	$320.2
International Affairs	**13.3**	**13.1**	**15.9**
General Science, Space, and Technology	13.1	15.2	16.8
Energy	**3.1**	**4.5**	**4.3**
Natural Resources and Environment	16.0	14.7	15.8
Agriculture	**21.7**	**19.5**	**18.5**
Commerce and Housing Credit	7.9	8.6	6.8
Transportation	**27.3**	**27.4**	**27.3**
Community and Regional Development	5.9	5.9	5.2
Education, Training, Employment, and Social Services	**37.4**	**39.1**	**38.5**
Health	47.8	52.4	56.4
Medical Insurance	**84.0**	**93.7**	**104.0**
Income Security	135.6	140.6	146.4
Social Security	**233.8**	**248.5**	**263.4**
Veterans Benefits	29.6	30.8	31.0
Courts and Law Enforcement	**9.9**	**10.3**	**10.5**
General Government (Congress, Treasury Department, and Government Services Administration)	9.5	10.2	10.0
Central Federal Credit Activities	**-6.3**	**-7.7**	**-6.3**
Net Interest	151.8	156.7	159.6
Allowances (civilian pay raises)	**0.0**	**0.9**	**2.1**
Income Earned From Leasing or Sale of Government Assets	-41.0	-42.2	-42.7
Totals			
Budget Outlays*	$1,094.2	$1,148.3	$1,203.7
Revenues	964.7	$1,044.1	$1,124.4
Deficit	$ -129.5	$ -104.2	$ -79.3
Gross Federal Debt	$2,825.3	$3,053.0	$3,269.2

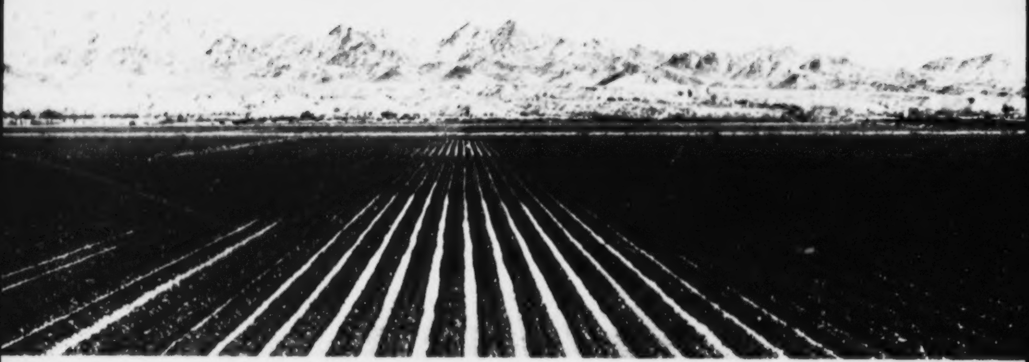
*Note: Discrepancies may occur due to rounding of budget figures.

spending reduction plans, including a constitutional amendment that would require the federal budget to be balanced. Two recent developments demonstrate the desire of both the administration and Congress to attack the deficit problem.

The first development occurred in 1985 when Congress passed the Balanced Budget and Emergency Deficit Control Act (also called Gramm-Rudman-Hollings for the bill's primary sponsors), which required the federal government to reduce the deficit to zero by 1991. However, certain provisions of the bill were ruled unconstitutional by the Supreme Court. Congress rewrote the law and it went into effect in September 1987. The new Gramm-Rudman-Hollings bill requires Congress to meet a budget target every year or face automatic budget cuts. Under the terms of the new Gramm-Rudman-Hollings bill, Congress must reduce the budget deficit to zero by 1993.

The second development in the battle against the deficit was triggered in part by the stock market crash of 1987. Many experts blamed the market plunge on the government's inability to balance the budget, which caused insecurity among investors. To calm the fears of the financial community and restore confidence in the market, members of Congress and the Reagan administration met to develop a two-year budget reduction plan known as the Bipartisan Budget Agreement. The Bipartisan Budget Agreement represents a major compromise between the administration and Congress. The president agreed to a revenue increase and a cut in defense spending in exchange for Congress's promise to trim $30 billion from the 1988 budget and $46 billion more by 1989.

Attempts by the executive and legislative branches to deal with the deficit appear to be working. The annual rate of growth of federal spending has been reduced from 10 percent between 1980 and 1985 to 3.4 percent since 1986. In addition, projected annual deficits are going down.



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The Economy

For five years—from 1982 to 1987—the U.S. economy soared. During this period, the nation's wealth grew by more than $2 trillion. For many Americans, things had never been better.

However, some economists were concerned that the economy was not as healthy as it appeared. These economists warned that an ever-increasing federal budget deficit and a growing trade imbalance threatened U.S. economic stability. But Congress and the president could not agree on spending priorities and trade policy.

Then on October 19, 1987, the stock market plunged more than 500 points. The stock market crash wiped out a half trillion dollars of investments in one day. Some economists say that the crash ended an era of U.S. domination of the world economy. During the time of economic dominance, the U.S. government and its citizens had grown used to spending freely and relying on credit. But the nation paid a price for its "buy now, pay later" habit: during its seven-year spending spree, the United States went from being the world's largest creditor nation to the world's largest debtor nation. Other countries lost faith in American leadership, products, and currency.

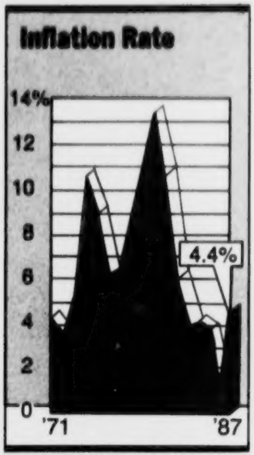
Some experts say that the top priority of the new administration should be to restore world confidence in the U.S. economy. However, other experts do not view the current economic situation as seriously. They point to steady productivity, low unemployment, and a low inflation rate as proof that the U.S. economy is healthy. Nevertheless, new economic realities will force government, businesses, and individuals to make difficult choices in the next few years.

Key Questions

- Should the government raise taxes to reduce the budget deficit?
- Should the government cut the trade deficit by lowering the value of the dollar?
- Should the United States erect protectionist trade barriers?

Background

Factors in Economic Policy



Source: Department of Labor/Statistical Abstract of the United States, 1987

The rate of inflation measures how fast the prices for goods and services increase. Unless accompanied by a comparable rise in wages, inflation lowers a person's standard of living.

Inflation. Simply stated, inflation is a continuing rise in prices for goods and services. The higher the rate of inflation, the faster prices rise. The inflation rate declined sharply over the last eight years, from 12.4 percent in 1980 to 1.1 percent in 1988. Some economists believe that a 2 percent annual rate of inflation actually spurs economic growth.

One danger of inflation is that, unless it is accompanied by a comparable rise in wages, it lowers a family's standard of living. Inflation particularly hurts people living on fixed incomes—the elderly and those who depend on government-sponsored social programs, such as social security, Medicare, and veterans' benefits.

A high rate of inflation also encourages people to buy on credit and forego saving money. The economy suffers when individuals do not save money, because banks have less money available for loans for investment in new homes, businesses, and industrial equipment.

The government can control inflation through a variety of means. For example, the president can order wage controls and thereby reduce the amount of money available for spending. With less demand for goods and services, prices eventually fall back to acceptable levels. Another way the government controls inflation is through the Federal Reserve Board (the Fed), which determines the amount of money circulating in the economy. The Fed can reduce—*or tighten*—the money supply by raising interest rates (the price one must pay to borrow money). With higher interest rates, consumer spending decreases and prices fall.

Recession. A recession occurs during a period of economic slowdown. Recessions are usually marked by declining production, spending, and consumer demand. One danger of recession is high unemployment.

To stimulate new economic growth, the Fed can "ease money"—lower interest rates and make more money available to banks for lending. For example, fearing a recession after the stock market crash in 1987, the Fed lowered interest rates. This encouraged businesses to go forward with plans for expansion, thereby reducing the danger of increased unemployment.

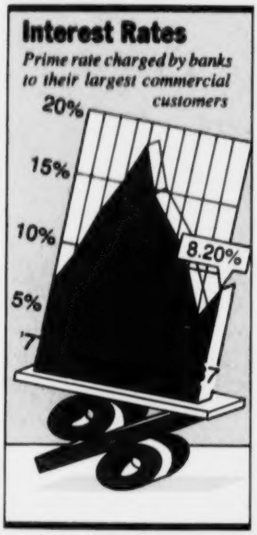
Another way the government deals with a recession is by reducing taxes. Lower taxes put more cash in consumers' pockets. More cash encourages consumer spending on goods and services, such as new homes, cars, and travel.

Historically, the U.S. economy has gone through cycles of recession and recovery. The last recession, in 1981-82, was followed by the greatest economic recovery in U.S. history.

Unemployment. The rate of unemployment refers to the percentage of people who want to work but cannot find jobs. Because there are always people between jobs, the unemployment rate is never zero. Most economists consider the economy to have *full employment* when only 4 percent of the employable population is looking for work.

Traditionally, unemployment hits some groups harder than others—minorities more than whites, females more than males, teenagers more than adults. Minority teenagers have the highest unemployment rate in the country; in some communities as many as 50 percent are without work. Also, unemployment is particularly hard on older workers who have spent their lives in heavy manufacturing, such as the automobile and steel industries. As some American companies build new factories in developing countries, where workers are paid lower salaries, and other U.S. factories close because there is less demand for their product, many workers have lost their jobs.

Unemployment also affects the government. When more people are out of work and not paying taxes, the government takes in less revenue, and at the same time pays out more in unemployment

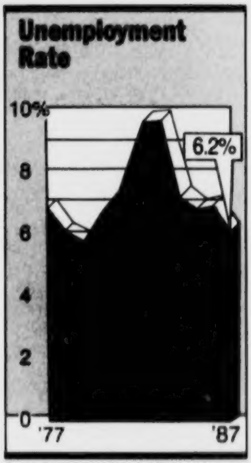


Source: Federal Reserve Board

The interest rate is the percentage of a loan that a customer must pay the lender in order to borrow money. When interest rates are high, investments in housing, automobiles, and industrial equipment decline. Low interest rates often spur investment and lead to economic growth.

compensation. High unemployment during the early 1980s was partly responsible for the rising federal deficit.

In times of high unemployment, the government uses different policies to create new jobs. During the 1930s, the Roosevelt administration hired millions of Americans to do public works projects, such as planting forests, draining swamps, laying electric lines in rural areas, and constructing public buildings, bridges, and dams. During the recession of 1981-82, federal spending remained relatively high, despite budget cuts by the Reagan administration. This helped the economy to recover and led to a drop in unemployment. Although federal spending can increase employment, the cost can be high if inflation also climbs.



Source: Department of Commerce/Statistical Abstract of the United States 1987

The rate of unemployment measures the percentage of the civilian labor force who want to work, but cannot find jobs. Many economists believe that the economy is at "full employment" when unemployment reaches 4 percent, because there are always some people moving from one job to another.

Productivity. Productivity refers to the amount of goods produced per person per hour. A rising rate of productivity usually leads to higher wages, higher profits, and lower prices. Historically, newer, more efficient machinery and technological advances have enabled American workers to produce more with the same amount of effort. But during the 1960s and 1970s, productivity in many foreign countries—particularly Japan—surpassed that of the United States. This increase in foreign productivity meant that products made in other countries were often less expensive than comparable products made in the United States. As a result they sold better. Since then, the problem has become worse. Productivity in the United States has risen 6 percent since 1980; in West Germany, it climbed 10 percent; and in Japan, it jumped 16 percent.

The increasing productivity of foreign competitors continues to challenge many American manufacturers. Companies must spend millions of dollars to modernize their factories or give up manufacturing in the United States altogether. Some manufacturers rise to the challenge and improve their productivity. Others become discouraged by high interest rates that make borrowing money for modernization too expensive, government regulations that require safety and antipollution devices on new machinery, and high wages for American workers. These manufacturers may close their factories permanently or move their operations to developing countries where wages and operating standards are far below those in the United States.

International Interdependence. Because the United States is the world's largest exporter and importer, our economy has been called the "engine of growth" for the rest of the world. The huge market for foreign goods in this country, including food, clothing, and automobiles, creates jobs overseas and keeps foreign workers employed.

Similarly, the health of our economy depends on how well our products do in foreign markets. One out of eight American jobs is related in some way to producing goods, ranging from food to computer software, for export. During the 1980s, many Americans lost their jobs because sales of U.S.-made products declined overseas. Many American manufacturers laid off workers when their export sales dropped.

Ironically, economic conditions in the United States helped create the conditions abroad that caused its exports to decline. The economies of many nations, especially developing ones, rely on the United States as a market for their exports and on American banks to finance their industrial development.

The increasing productivity of foreign competitors continues to challenge many American industries. U.S. companies must invest millions of dollars every year to modernize their factories. For example, this Ford Motor Company plant in Michigan recently underwent a $212 million renovation designed to increase production capacity.

Courtesy Ford Motor Company

Two events in the United States forced developing countries to cut back on their imports of American products. The first was the 1981-82 recession in the United States. Hampered by unemployment and lost wages, American consumers cut back their purchases of nonessential items, including products imported from developing countries. With reduced sales in the United States, many businesses in developing countries also went through a recession, causing high unemployment, reduced wages, and less demand for American goods.

The second event was the increase in U.S. interest rates in 1982. During the 1970s, developing nations borrowed billions of dollars from American banks and other international lenders. When interest rates soared in the early 1980s, developing countries could not pay the interest on their loans without making large economic sacrifices, which included reducing imports from the United States.

Thus, economic conditions in the United States created harsh economic problems for many developing countries. Many have yet to recover.

The Reagan Revolution

"Reaganomics." When Ronald Reagan was elected president in 1981, he brought with him to the White House a new economic philosophy that he believed would solve the nation's economic woes. Previous presidents had followed the *Keynesian* economic approach, which relies on government spending to stimulate a sagging economy. Since the 1930s, businesses had come to rely on government intervention in the economy as a way to ensure growth, and citizens had come to look to government jobs and social programs—such as social security—for economic security.

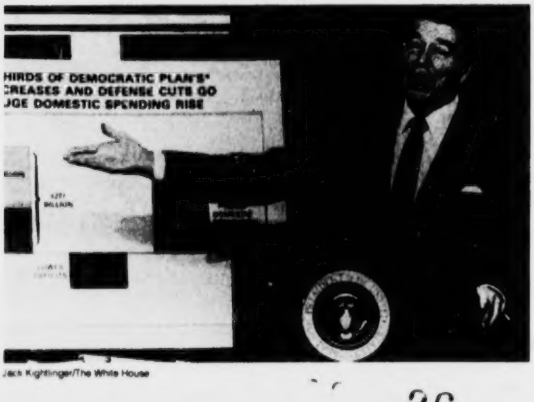
But the growth of government services and spending since the 1930s had forced the government to borrow more money every year than it collected through taxes and other revenue. Federal budget deficits had become commonplace.

President Reagan's new economic policy,

called *supply-side economics*, was based on the belief that government's role in the economy should be limited. Supply-side economics operates on the principle that the economy will flourish if businesses and consumers are allowed to pursue their own interests within a free marketplace, not controlled by the federal government. The president promised to "get the government off the backs of the people" by limiting government regulation of business and industry. His long-term goal was to create a "vibrant economy" by giving individuals and businesses an incentive to produce more.

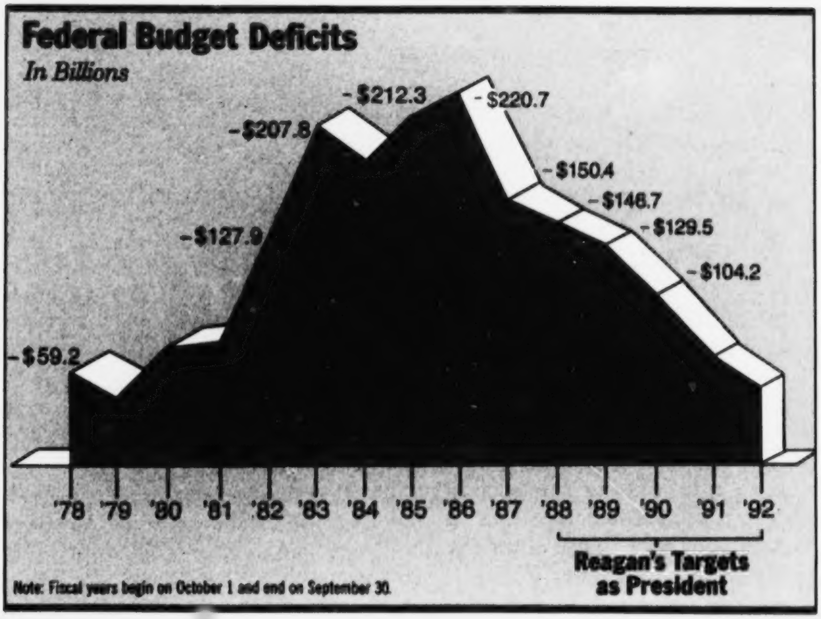
President Reagan felt that the economy was slowed by a huge tax burden. He believed that the best incentive to economic growth was a tax cut, which would give business and consumers more cash in hand. Lower taxes were also the key to high productivity, since more money would be available for investment in new, more efficient machinery and technological advances. An increase in profits would automatically increase tax revenues, and the budget deficit would be reduced naturally, without inflation and without government interference. In 1981, Reagan asked for—and Congress approved—the largest tax cut in history.

The tax cut had an immediate effect. Inflation decreased, and the nation went into a strong economic recovery. Based on the increased value of stocks, homes, and other assets, the net worth of American households grew 39 percent.


HIRDS OF DEMOCRATIC PLAN'S"
:REASES AND DEFENSE CUTS GO
JGE DOMESTIC SPENDING RISE

Jack Kightlinger/The White House

President Reagan believed that the government's role in the economy should be limited. His plan for reviving the U.S. economy included decreased government spending on domestic programs, limited government regulation of business and industry, and lower taxes.



Federal Budget Deficits

In Billions

Note: Fiscal years begin on October 1 and end on September 30.

Source: Office of Management and Budget

The budget deficit is the amount of money the federal government must borrow to pay for its programs. To lower the deficit, policymakers have considered tax increases, spending cuts, and a constitutional amendment requiring a balanced budget.

The Reagan Budgets. During his 1980 presidential campaign, President Reagan pledged to balance the budget by 1984 by progressively shrinking each year's budget. During the two terms of the Reagan administration, many social programs were cut back or eliminated altogether as a means of holding down the budget. But increases in defense spending more than offset the savings made through cuts in social programs.

The Growing Budget Deficit. During the last seven years, the annual budget deficit grew for several reasons: (1) during the 1981-82 recession, individuals and businesses earned less and consequently paid less in taxes; (2) overall government spending increased, due to heavy increases in defense spending; and (3) the 1981 tax cut reduced tax revenues 25 percent over a 3-year period, beginning in 1981.

Because the government spends more money than it receives in taxes, it must borrow money to cover the deficit and to pay interest on money borrowed in previous years. At the start of fiscal year 1988, the budget deficit stood at $148 billion, down from the high of $173 billion in 1987. But the total federal debt—the accumulation of all annual budget deficits—keeps growing: it now stands at more than $2 trillion. The government pays the holders of this debt—mostly individuals, banks, and corporations—more than $140 billion a year in interest alone. Payment on the national debt is the third largest component of the federal budget, after defense and entitlement programs, such as social security and Medicare.

Attempts to Balance the Budget. Although President Reagan was determined to balance the budget by the end of his first term, he and Congress were unable to reach an agreement over how it should be done. The president argued that the deficit could not be reduced without cuts in social programs, but many members of Congress were reluctant to cut programs such as social security, Medicare, and food stamps.

Some members of Congress favored increasing taxes as the most effective way to balance the budget. They argued that higher taxes were preferable to cutting existing federal programs. However, President Reagan strongly opposed any tax increases, fearing that higher taxes would lead to a recession.

Despite the discord on Capitol Hill, several attempts to balance the budget have been made in recent years. In 1985, Congress passed the Emergency Deficit Control Act—better known as Gramm-Rudman-Hollings—which mandated broad cuts in government spending, with a balanced budget by 1991. However, in 1986, the Supreme Court declared parts of Gramm-Rudman-Hollings unconstitutional.

Tax Reform. Most experts consider tax reform a major part of President Reagan's economic program. In 1986, Congress rewrote the nation's tax code, which had, in President Reagan's words, become "unwise, unwanted, and unfair." The new tax code—approved by President Reagan in 1986—dramatically changes the way the government collects revenues. The new tax law: (1) frees many poor people from paying any federal taxes; (2) lowers corporate and individual tax rates; (3)

increases *exemptions* (a portion of income that is not taxed); and (4) eliminates many tax shelters for individuals, corporations, and investors. (Economists estimate that in the past, the government lost more than $300 billion a year because of various tax shelters.) The new tax code is intended to spread the tax burden more fairly among individuals and businesses.

Current Issues

The Stock Market Crash. On October 19, 1987, in the stock market's worst day ever, stock prices tumbled 508 points and investors lost $500 billion. However, the stock market's importance goes beyond its direct effect upon those who buy and sell stocks. The market is also considered one of the nation's leading economic indicators. When the market rises (a "bull" market), it reflects confidence in the economy and indicates growth. Likewise, when the market falls (a "bear" market), it means investors are losing confidence in the economy and business expansion, job growth, and consumer spending are decreasing.

Computer Trading. Many analysts claim that automatic computer trading caused the October stock market crash. These analysts point out that many trading firms now use computers programmed to "kick in" automatically and buy or sell huge amounts of stock whenever market prices rise or fall abruptly. In the October 19 crash, more than two-thirds of the total losses were due to computer trading. Many experts claim that the Securities and Exchange Commission (SEC)—the federal agency that establishes the rules for the issue, sale, and purchase of stock—is not adequately equipped to regulate computer trading. They say that the federal government must empower the SEC to regulate the stock market—and computer trading—more efficiently. These experts claim that increased government regulation

UPI/Bettmann Newsphotos

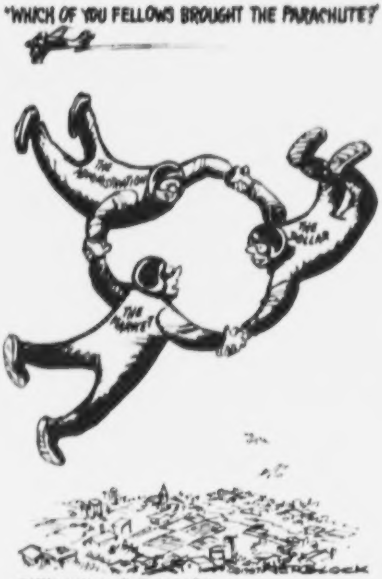
On October 19, 1987, investors lost more than $500 billion on the New York Stock Market. Traders on the stock exchange floor shouted buy and sell orders at a fever pitch as prices plummeted throughout the day.

will make stock prices reflect the "real economy" and not a "hoped for" economy.

However, other experts say that the October crash was caused by the panic of investors, not computers. They believe that computerized trading actually helps the market, allowing investors to buy and sell stocks faster and more efficiently than in the past. They object to any additional government regulation of the stock market, claiming that regulation violates the principle of free enterprise that has always guided the U.S. economy. These experts say that any reforms on Wall Street—especially in computerized trading—must come from within the financial system itself, not the government.

Trade Deficit. The United States imports far more goods than it exports. In 1987, the United States had a record trade deficit of $171 billion—up from $170 billion in 1986. Many economists say that huge U.S. trade deficits have caused the loss of hundreds of thousands of jobs in the United States and that American consumers are in effect sending billions of dollars to foreign companies. If domestic companies had this money, they could expand industrial production and increase technological research to ensure economic growth and create jobs at home.

Many economists believe that the trade deficit was caused by the high value of the U.S. dollar in relation to foreign currencies. During the early 1980s, the rising value of the dollar caused the



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price of U.S. goods in other countries to increase. As a result, many American products became too expensive for foreign consumers, and sales of U.S. goods overseas declined.

Since 1985, the U.S. government has allowed the value of the dollar to fall in an effort to combat the trade deficit. The government believes that the reduced value of the dollar will make American goods less expensive overseas, therefore foreign consumers will buy more U.S. goods. The increased foreign sales of U.S. products will then increase jobs in the United States.

Critics of the government's policy believe that the importance of the trade deficit is overstated and that reducing the price of the dollar is dangerous. They argue that a drop in the value of the dollar increases the price of foreign goods in the United States and could lead to higher inflation.

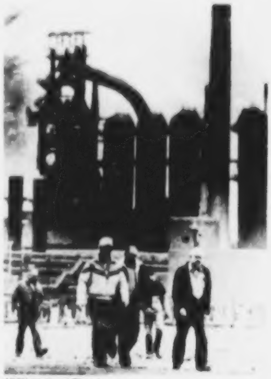
Restoring Competitiveness. Can American products compete on the world market? Can U.S. manufacturers produce high-quality goods and services at prices other countries can afford? These are vital questions now facing U.S. businesses and policymakers.

Americans have long been accustomed to being "Number One," politically, militarily, and economically. But since World War II, our relative economic position has declined drastically. The United States produced 60 percent of the world's goods in 1950, but now produces only 20 percent. Prices of American goods have risen, while foreign countries have learned to produce higher-quality goods more cheaply.

Analysts point to several reasons for the rise in foreign productivity. First, foreign workers are used to working for lower wages; second, foreign companies have been willing to invest in new, more efficient manufacturing techniques and technologies; and third, foreign governments play a more active role in planning economic policies.

To restore American competitiveness in the world, some policymakers advocate protectionist policies, such as tariffs and quotas, which would limit the amount of imports. Supporters of this view say that because many countries have levied high import taxes, American products are no longer competitive in foreign markets. They believe that the United States should also raise its import taxes to drive up the cost of foreign goods being sold here. Industries that have been hurt by foreign competition maintain that some kind of government intervention is needed to protect their businesses and save jobs.

Critics say that the problem with protectionism is that it can backfire. Quotas and protectionist measures would mean that fewer imported goods will be available to American consumers, thereby driving prices up. Critics say that protectionist measures can also cause other nations to retaliate with more trade barriers.



AP/Wide World Photos

During the last decade, the United States has moved from a manufacturing economy to a service-oriented economy. Many "heavy industries" such as steel have been hard hit by foreign manufacturers who are able to produce quality goods at low prices.

Outlook

Some economists say that the United States is entering a period of economic restraint. Many Americans will put off making major purchases in order to save or invest their money. In addition, most analysts agree that Congress and the president must reduce the federal budget deficit if the United States hopes to regain the dominant position it once held in the world economy. But reducing the deficit through budget cuts or raising taxes presents policymakers with difficultchoices. Finally, since U.S. productivity is growing slowly compared with other countries, efforts to restore U.S. industrial competitiveness must continue.

The Debate The Economy

Should the Government Raise Taxes to Reduce the Budget Deficit?

PRO

The federal budget deficit threatens our nation's future and it must be reduced. Since most social and defense programs are essential, the only alternative is to raise taxes. Americans may not like it, but they need to pay more taxes for government services.

CON

Increasing taxes is the worst thing the government could do. A tax increase would reduce personal income and business profits. It would also reduce the amount of money corporations can invest in expansion and improvement. The federal government should keep looking for ways to cut spending on social programs and defense. The nation is best served by a healthy economy, and that depends on a low tax rate.

Should the Government Cut the Trade Deficit by Lowering the Value of the Dollar?

PRO

The trade deficit hurts our economy. Hundreds of thousands of jobs are lost, and billions of dollars are flowing out of the country. By reducing the value of the dollar, we would make American goods cheaper and therefore easier to sell abroad. Increased sales would put Americans back to work.

CON

The danger of the trade deficit is overstated. Foreigners who earn U.S. dollars are reinvesting these dollars in the United States, because our economy is basically sound. Foreign investment produces economic growth at home. The danger of a "cheaper" dollar is that it would raise the price of imported goods, causing inflation.

Should the United States Erect Protectionist Trade Barriers?

PRO

The United States is losing its position as the dominant economic power in the world. Many foreign countries have quotas and import taxes on American goods. It is time for America to restore its competitiveness. Congress should pass restrictive import quotas, strict antitrust laws, and other trade regulations to protect American goods and jobs, and put American companies on more equal terms with foreign competitors.

CON

Protectionism is a "quick fix." It will not solve our country's trade deficit in the long run. In fact, it will only compound our problems by alienating foreign competitors. The real solution is to make better products more cheaply. This can be done by promoting free-market capitalism and relaxing antitrust laws and business regulations.

Education

During the 1960s, President Lyndon Johnson pinned his hopes for the future of America on education. "The answer to our national problems comes to a single word, and that word is education," he said. President Johnson placed a heavy burden on the nation's newly integrated public schools. Schools were made responsible for overcoming the problems of poverty and discrimination as well as for teaching basic skills. The social upheaval of the late 1960s further complicated the job of the schools. Students demanded books and courses that were more relevant to their lives. In state after state, the curriculum was revamped, discipline was relaxed, and old teaching methods were abandoned. The emphasis was no longer on memorizing facts, but on learning to think and solve problems.

Today, critics say that education is still not answering our national problems, and in fact is causing some of them. In 1983, the National Commission on Excellence in Education in their report *A Nation at Risk* charged that educational mediocrity threatened the country's future.

In response, state and federal governments have increased funding for education the past five years. The education reform movement of the 1980s focused on improving the quality of teachers by paying higher salaries and rewarding excellent teachers with bonuses. States stiffened academic requirements and made it more difficult to earn a high school diploma. But the report card on these new reforms is mixed. One of the lessons of the past few decades may be that there is no one answer to the question of how to best educate today's student.

Key Questions

- Should the federal government play a more active role in education?
- Should the government continue to subsidize student loans?
- Should voluntary prayer be permitted in public schools?

Background

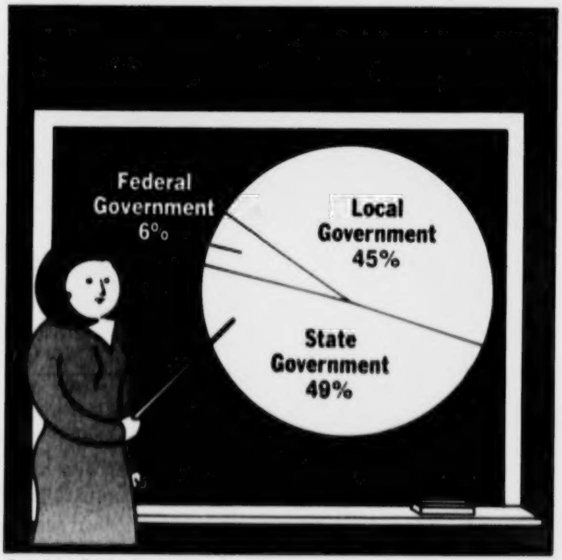
The American School System

Community Approach. Education—especially literacy—has always been valued by Americans. The Puritan colonists saw education as an important means to pass on religious teachings. Later, Americans saw that publicly supported education could wipe out the British class system, where literacy separated the rich from the poor. Throughout American history, immigrant children were "Americanized" in the public school system. The schools taught them the English language and American values and helped ensure an educated electorate.

Funded and operated for the most part at the local level, the American public school system is highly decentralized. School districts determine programs of study, selection of books, hiring of teachers, and other factors such as school budgets and classroom size. A school district might encompass an entire county or city or a smaller segment of the community. A school superintendent administers each school district, and a school board—usually elected—makes budget and policy decisions. The advantage of local school management is that parents have the opportunity to decide the kind of education they want for their children.

Schools and the New Social Agenda. During the 1950s and 1960s, the United States took on new challenges. The federal government committed itself to landing the first man on the moon safely, wiping out poverty, and ending racial segregation and racism. The public schools were seen as an effective place to begin achieving these ends.

In addition, people felt that every American should have equal access to a good education. Yet the schools could not ensure this because they were not funded equally from state to state and from district to district. Schools are still unequally



Source: National Education Association

Historically, local governments financed all public schools within their jurisdiction. Today, state governments provide nearly half of all funds for public schools in an effort to improve education statewide.

funded because local property taxes, used to finance most schools, vary. Districts with high property values can afford better schools and teachers than can districts with low property values. Because most local communities were not able to meet the cost of the new social agenda, the federal government increased its share of school financing.

The Sputnik Challenge. When the Soviet Union successfully launched the first orbital satellite in 1957, many Americans were shocked because Soviet technology apparently had outpaced American technology. In response, Congress passed the National Defense Education Act of 1958 to encourage the study of science, mathematics, engineering, and foreign languages at all levels.

President Johnson's Great Society. In the 1960s, President Lyndon B. Johnson focused the country's attention on the problems of poverty and their solution through his Great Society programs. "Poverty has many roots," he said, "but the taproot is ignorance." President Johnson proposed three new federal education programs: the Economic Opportunity Act, the Elementary and Secondary Education Act, and the Higher Education Act.

Economic Opportunity Act. The Economic Opportunity Act of 1964 launched President Johnson's Great Society program. This law provided money for adult literacy programs and for Project Head Start, a preschool program for children from poor families.

Elementary and Secondary Education Act. In 1965, Congress approved the first general aid to education law, the Elementary and Secondary Education Act (ESEA). Whether children attended public or private schools, the ESEA was designed to improve their education. Though this law helped all children, it was aimed particularly at economically disadvantaged children. The ESEA also sought to close the gap in school funding between rich and poor states. Today the act provides federal money for schools to offer special programs such as remedial reading for low-income students. The ESEA also assists the states in buying textbooks, library resources, and instructional materials, and in establishing and supporting guidance and testing centers.

Higher Education Act. The Higher Education Act of 1965 authorized federal scholarships for needy college students. The act also provides federally financed loans for students wishing to go to college.

Desegregation. In the landmark 1954 case, *Brown* v. *Board of Education of Topeka*, the Supreme Court ruled that segregation is unconstitutional. Subsequent court decisions ordered schools to begin desegregation immediately. During the 1960s, Congress passed laws denying federal aid to school districts that continued segregation. During the 1970s, Congress offered school districts funding to assist their desegregation efforts such as busing. But in the 1980s, President Reagan favored voluntary measures, not court orders, to achieve school desegregation because he believed that busing was divisive to many communities. During the Reagan admin-

The Changing Classroom

More than 3.6 million children in the United States began their formal schooling in September 1986. Of these children:

- 1 out of 4 comes from a family living below the poverty line
- 15 percent are disabled
- 15 percent are bilingual
- 10 percent have parents who cannot read or write
- 40 percent will have lived through a divorce by the time they are 18 years old

AP/Wide World Photos

In the 1970s, federal courts ruled that public schools must teach physically and learning disabled students in the "least restrictive environment possible." Today a major portion of education funds is given to local school boards to train teachers, purchase special materials, and build wheelchair ramps.

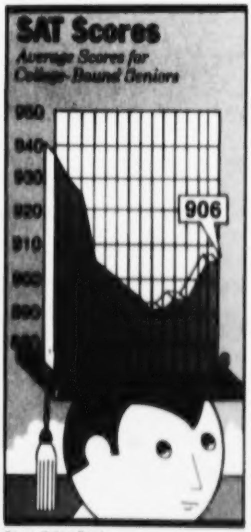
istration, the Justice Department challenged the legality of more than 530 busing programs around the country. In 1987, the Justice Department won an important antibusing case when the Supreme Court upheld a lower court finding that busing could end in Norfolk, Virginia, since the school district no longer discriminated against black students.

Mainstreaming. Prior to the 1960s, many handicapped children attended expensive private schools because public schools were ill-equipped to handle their special needs. Then in the 1960s and 1970s, public education faced the charge of discrimination. In the mid-1970s, federal courts ruled that handicapped children have the right to an education in the "least restrictive environment" possible. Handicapped students, they said, should be "mainstreamed" whenever possible; that is, they should attend classes with nonhandicapped children. Federal funds have helped public schools buy equipment, build special facilities, and train teachers to work with handicapped students.

Bilingual Education. About 3.5 million students in the United States today either cannot speak English or speak very limited English. Congress has mandated that these students be taught bilingually; that is, not only in English but also in their native language. In 1967, Congress passed the Bilingual Education Act (Title VII of the ESEA).

This act provides federal money to establish bilingual programs. Although the requirements were tightened in 1986, 216,456 children participated in federally funded bilingual classes that year.

Department of Education. In 1979, Congress voted to establish a separate Department of Education (DOEd). The Department of Health, Education, and Welfare was reorganized to become the Department of Health and Human Services. Elevating education to cabinet-level status was meant to show its national importance. Congress believed that the new department would be more responsive to local school districts. However, creating DOEd sparked controversy among critics who believe that the role of the federal government should decrease, not increase. Although critics do not necessarily object to federal aid to schools, they oppose aid programs that tell local school boards and administrators how the money must be spent.



Source: College Board

The decline in Scholastic Aptitude Test (SAT) scores during the 1970s was seen by some policymakers as evidence that the quality of American education was also declining. Many parents and educators say that the rise in SAT scores during the 1980s can be attributed to the success of the education reform movement.

The Education Reform Movement. In 1983, the National Commission on Excellence in Education released its report, *A Nation at Risk*. The report focused national attention on what the Commission called a "rising tide of mediocrity" in U.S. education. The report cited a high rate of functional illiteracy and declining test scores as evidence of the problem. The commission blamed the growing mediocrity on watered-down curricula, low demands on students, and a decline in the quality and training of teachers. *A Nation at Risk*, and other reports like it, generated a nationwide movement to reform education. All fifty states undertook programs of educational reform. Forty-five states raised the minimum requirements for high school graduation. Twenty-four states passed comprehensive education bills that tightened academic standards and raised teachers' salaries.

After nearly six years, the "report card" on education reform is mixed. Although scores on standardized college admissions tests rose from 1983 to 1986, they have remained virtually un-changed for the last two years. Some reforms have had negative effects. For example, tougher requirements for high school graduation have actually increased the high school dropout rate.

However, there have been positive signs of progress. In California, the number of students taking three or more years of science is up 20 percent. In South Carolina, which passed one of the most ambitious education reform plans, standardized tests scores for both primary and secondary students jumped dramatically. In some areas Scholastic Aptitude Test (SAT) scores rose 37 points on average. Still, most educators say that it is too soon to evaluate the effects of education reform.

National Education Association/Joe Di Dio

For the past six years, all fifty states have been involved in a movement to improve the quality of education in public schools. As a result, most high schools across the United States now have tougher graduation requirements and higher academic standards.

Current Issues

Who Should Make Education Policy? Traditionally, schools were under community control. School district administrators and school boards largely decided funding and school policy, and parents and teachers had direct contact with them. State governments retained some authority, setting standards for teacher certification and providing school districts with additional funding to supplement local property taxes. However, the publication of *A Nation at Risk* and other studies critical of public schools has prompted state legislators to take a greater interest in what was previously considered a local matter. For example, many states have passed laws requiring longer school days, higher minimum requirements for graduation, state approval of textbooks, and competency tests for teachers. The state role in school spending has also increased. States now provide 49 percent of school funding, with 45 percent from local support.

Some educators criticize states for overregulating schools. Critics say that too much state regulation frustrates innovative teaching, which usually develops at local levels. School districts are especially angry about state policies that allow the state to take control of local school districts in which student achievement is lagging. State leaders argue that if states are to commit the large amounts of money needed by schools, they have the right to say how state money should be used. Also, state control over funding ensures that the poorest school districts can offer quality education.

The Federal Role. Some experts believe that the federal government does not belong in education. They think the government has used its money to interfere in what traditionally have been local school decisions. Moreover, they argue that federal funding has not benefited the schools. Federal spending for education increased during the 1970s, yet school problems worsened. Federal dollars cannot improve programs of study, tighten security in schools, or make students do homework. Furthermore, the budget deficit problem demands that federal spending be cut back wherever possible.

Supporters of federal funding argue that federally mandated programs have been effective in fighting illiteracy, mainstreaming handicapped students, and supporting preschool programs for inner-city children. In addition, federal aid has helped close the gap in spending between rich and poor states. Critics point out that while some states can afford ambitious educational programs, less affluent states cannot increase school spending. Illiteracy and equal educational opportunities are examples of national problems that require federal solutions.

Diploma and Debt

According to the American Council on Education, by 1991, the average student will graduate from college owing $11,360. Rising college costs account for the growing debt. In 1986, average tuition for a year at a public university was $1,590, up 35 percent from 1980. Tuition at a private college averaged about $6,000, an increase of 38 percent since 1980.

Student Loans. One of the largest areas of federal education funding is loans for college education. The federal government began offering student loans to lower- and middle-class students in the 1960s because many people considered the loans a wise investment in our nation's future. Under current programs, a college student can receive a government-guaranteed loan to help pay college tuition fees. The government pays the interest on the loan while the student attends school. After graduation, the student must pay back the loan within ten years. Recently, many people have criticized student loan programs because of their growing costs and the high number of defaulted loans. Each year, student loan programs cost the government $1.7 billion in subsidized interest payments and $1.2 billion in defaulted loans.

The government has looked to new ways to assure repayment of student loans. Some officials recently proposed that a college or trade school with a high rate of defaulting students be barred from participating in any student loan programs. Proponents of this plan argue that institutions with high default rates actually may be misleading ill-prepared students by encouraging them to attend college even though the school knows that the students have little hope of getting through school or obtaining a well-paying job upon graduation. Under this plan, barred schools could participate in student loan programs only after they lower their default rates through better screening of applicants, increased career counseling, and improved job placement services.

Nationwide Report Card

In 1986, the graduation rate for high school students nationwide was 71.5 percent. Minnesota ranked first in percentage of graduating students, with 91.4 percent. The District of Columbia had the lowest percentage of graduating students, with 56.8 percent.

Critics of this proposal object to punishing an entire institution for the sins of its former students. They say that ultimately the loss of funds will hurt those students who need the loans the most, particularly low-income minority students. In addition, opponents claim that loss of student loan funds would force many institutions to close. Especially vulnerable are trade schools, community colleges, and minority institutions where loan default rates tend to be highest.

Prayer in Schools. Many religious leaders consider prayer an important part of a child's educational process. School prayer was common in public schools until 1962, when the Supreme Court ruled that state-sponsored prayer violated the First Amendment prohibition against government establishment of religion. Since then, many states have passed statutes attempting to circumvent constitutional objections. Twenty-four states

During much of the nation's history, prayer was a daily event in many public schools across the United States. However, in 1962, the Supreme Court ruled that school prayer violated the First Amendment prohibition against government establishment of religion.

UPI/Bettmann Newsphotos

have statutes that provide for "moments of silence" or "voluntary prayer," where students choose to participate. In 1985, the Supreme Court ruled that "moments of silence" statutes are unconstitutional as they might be interpreted as state-sponsored religion. Many pro-prayer advocates would like to resolve the school prayer issue through a constitutional amendment legalizing voluntary school prayer. However, a constitutional amendment faces strong opposition. Many religious leaders oppose an amendment because they fear that group prayer, even if voluntary, would foster particular—but not all—religious practices and beliefs. Furthermore, these opponents believe that organized prayer could not be truly voluntary in a school setting, where pupils are taught to obey the teacher and cooperate in class.

Outlook

In the past six years, federal, state, and local governments have spent large sums of money on education reform. Funds were used to raise teacher salaries, establish programs to strengthen graduation requirements, and increase educational standards. However, because of tightening budgets, educational reform programs will face tough scrutiny. New programs will have to prove their worth. In addition, diversity in the ethnic and racial make up of the student body in most schools will increase in the next few years. Teachers will be challenged to find new ways to educate an increasingly diverse population. Finally, the debate over subject matter will continue as well. Educators will need to find a balance between a back-to-basics education and one that emphasizes critical thinking and problem-solving skills.

The Debate Education

Should the Federal Government Play a More Active Role in Education?

PRO

Federal funds for education have helped to achieve some important national goals, such as improving educational opportunities for the poor, opening classroom doors to the disabled, and helping talented children from lower- and middle-class families get quality college educations. Only the federal government can set national standards for educational quality and equalize school spending between rich and poor states.

CON

As federal involvement in education has increased, the quality of education has declined. Money and federal regulation are not the answers to the problem. States and local communities must work harder to train and hire better teachers, toughen discipline in schools, and set higher standards for students. What's more, parents must take an active interest in their children's education.

Should the Government Continue to Subsidize Student Loans?

PRO

In the past ten years, college tuition has skyrocketed, especially for private schools. Lower- and middle-class families with more than one child in college are particularly hard hit. The government should continue to subsidize student loans because they are a good investment in the nation's future.

CON

Too many people have abused federally financed student loans. Many loans have gone to middle-class students who later defaulted on their loans. It is only fair that the beneficiary of a loan—the student—be asked to pay the cost, not the government.

Should Voluntary Prayer Be Permitted in Public Schools?

PRO

Voluntary prayer in the classroom was an American tradition for more than 170 years. How can the First Amendment prohibit classroom prayer when each session of Congress begins with a prayer and our money says, "In God we trust"? But beyond the constitutional question is the practical issue that young people need a moral education. Either we restore morality to our educational system or we pray that society does not fall apart completely.

CON

The Constitution is quite clear that the government should neither advance religion nor discriminate against it. What kind of prayer could meet that qualification? Different religions pray in different ways. To ask children to fold their hands and bow their heads is to advance one religious practice at the expense of others. And what would the prayer say? Either the prayer would offend some religions or it would be watered down to the point of being meaningless. The Constitution is right—religion and government do not mix.

Civil Rights

The authors of the Constitution would probably be shocked to see all the Americans who have been granted civil rights protections. At the time our Constitution was written, only white male property owners could vote and were protected by the Bill of Rights. Over the next 140 years, slavery was abolished and nonlandowners, blacks, and women were given the right to vote and were granted protection under this same Constitution.

But the struggle for the expansion of civil rights did not end there. In 1954, the Supreme Court declared that maintaining separate school systems for black and white students was unconstitutional. In the 1960s, federal legislation outlawed discrimination in housing and jobs. And in the late 1960s and early 1970s, women began to protest against sex discrimination in the workplace, and demanded equal opportunities for jobs and education.

Although the United States has made great progress toward protecting the civil rights of minorities and women, the concept of civil rights is changing and expanding to include other groups. For example, the handicapped have fought for their right to equal education and job opportunities. The elderly have contested mandatory retirement laws. And high school students are testing their rights in court, including freedom of speech.

Civil rights groups favor strong laws and strict enforcement to protect those rights that have been won and to achieve new protections. But critics argue that some gains are achieved at the expense of others. They believe that programs to reverse past discrimination may actually discriminate against others as well. No one, they say, should be discriminated against to redress past wrongs.

Key Questions

- Should affirmative action regulations be eased?
- Should busing be banned as a tool to achieve racial integration in schools?
- Should the federal government support comparable worth?
- Should employers test workers for drug use?

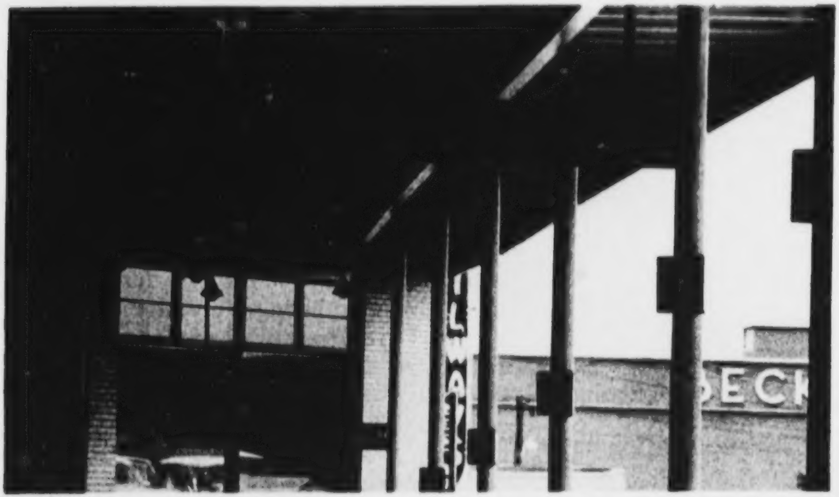
Background

Discrimination in America

Race Discrimination. After the Civil War, three constitutional amendments gave former slaves the full rights of citizenship: the Thirteenth Amendment, which abolished slavery; the Fourteenth Amendment, which guaranteed civil rights; and the Fifteenth Amendment, which granted black males the right to vote. However, racial prejudice could not be legislated away so easily. After the postwar Reconstruction period, southern leaders implemented "Jim Crow" laws, which ensured that public facilities, such as restaurants, theaters, schools, and even water fountains would be segregated by race. The 1896 Supreme Court decision, *Plessy* v. *Ferguson*, upheld the Jim Crow laws, saying that segregation was legal as long as "separate but equal" facilities were provided.

In 1948 President Harry Truman proposed several civil rights reforms. He ordered the military to desegregate its units. Truman also proposed bills that would protect everyone's right to vote, prohibit lynching, and end discrimination on interstate transportation facilities such as trains. However, powerful members of Congress from southern states successfully blocked all attempts at reform.

***Brown* v. *Board of Education of Topeka*.** This 1954 Supreme Court decision essentially started the modern civil rights movement. The Court unanimously ruled that maintaining separate schools for blacks and whites is unconstitutional because separate schools can never offer equal educational opportunities. The Court ordered schools to desegregate "with all deliberate speed." Subsequent Court decisions ordered desegregation in northern communities where school district boundary lines were drawn between black and white neighborhoods, thus creating segregation. Many judges ordered school districts to redraw the



Library of Congress

The Fourteenth Amendment to the Constitution, ratified in 1868, guaranteed former slaves their civil rights. But the United States remained a nation divided by race for nearly 100 years. It wasn't until passage of the Civil Rights Act of 1964 that segregation laws were repealed.

lines and to bus children to distant schools, if necessary, to achieve integration.

Civil Rights Act of 1957. The Civil Rights Act of 1957 represented the first attempt since Reconstruction to institute comprehensive civil rights legislation. This act made efforts to prevent people from voting in federal elections illegal, and created the U.S. Civil Rights Commission—an independent government advisory panel—and the Civil Rights Division of the Department of Justice. However, the act did not include effective enforcement provisions.

Twenty-fourth Amendment. In 1962, Congress passed a constitutional amendment barring the use of a *poll tax* (a tax often used to prevent poor blacks from voting) or any other tax in a federal election. The amendment was ratified in 1964. A 1966 Supreme Court ruling extended the amendment to state and local elections as well.

Civil Rights Act of 1964. This landmark legislation prohibited discrimination in public accommodations such as restaurants and hotels and in programs receiving federal aid. The act also prohibited job discrimination by employers and unions, established the Equal Employment Opportunity Commission, and strengthened enforcement of voting and desegregation laws.

Voting Rights Act. Passed in 1965, the Voting Rights Act aimed to eliminate local laws and practices that prevented blacks and other minorities from voting. It forbade literacy tests for voters, poll taxes, and intimidation of voters in any state. In communities with a history of discrimination, federal officials ensure that proper voter registration and election procedures are followed. These communities also must clear (or "preclear") with federal officials any changes in election laws and prove that such changes will not discriminate against minorities. This requirement covers the drawing of new voting districts after census years. Nine states—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia—and portions of thirteen other states (including the New York City boroughs of Brooklyn, Manhattan, and the Bronx) must meet the preclearance requirements.

Protection From Discrimination in Housing. In 1968, Congress extended civil rights protection to prevent discrimination in the sale or rental of some 80 percent of the nation's housing (housing not covered includes property sold without the help of a real estate agent). The legislation also prohibited discriminatory references in real estate advertisements. Victims of housing discrimination can file complaints with the Department of Housing and Urban Development or take their cases to court. Despite the intentions of the 1968 legislation, many experts say the law is difficult to enforce and that people continue to live in areas based on their race and income.

Renewing the Voting Rights Act. In 1982, Congress renewed the authority of the Voting Rights Act for another twenty-five years. Reacting to a report by the Civil Rights Commission that harassment and intimidation of minority voters continued in many states, Congress kept the pre-

UPI/Bettmann Newsphotos

"I have a dream that one day this nation will rise up and live out the true meaning of its creed: 'We hold these truths to be self-evident; that all men are created equal...'." Civil rights leader Dr. Martin Luther King, Jr., speaking at the foot of the Lincoln Memorial in August 1963.

clearance provisions. However, jurisdictions that maintain a clean voting rights record for ten years can become exempt from the preclearance provisions. Congress also added a provision requiring certain areas to provide bilingual election materials.

Discrimination on the Basis of Sex. In the 1960s and early 1970s, women began mobilizing support against sex discrimination. Inspired by the civil rights movement, women pressed for greater access to jobs, more political influence, and an end to the condescending way women are often treated. The women's movement continues today, but its roots stretch back more than 140 years.

"Romantic Paternalism." During the nineteenth century, women were legally barred from voting, buying liquor, holding certain occupations, filing lawsuits on their own behalf, and, if married, from owning property or retaining custody of their children after divorce. These laws were justified on grounds of "romantic paternalism," a concept held by male-run courts and legislative bodies that maintained it was their duty to protect women's "femininity."

Suffrage Movement. The movement to get the vote for women began in the mid-1800s. It was led by Elizabeth Cady Stanton and Susan B. Anthony. They and other early *suffragists* were also in-

National Portrait Gallery, Smithsonian Institution
Washington, D.C

Susan B. Anthony, a central figure in the suffrage movement of the nineteenth century, lobbied politicians around the country in a tireless effort to secure women's rights in voting, education, and employment.

volved in the abolitionist movement and helped win the fight for the Fifteenth Amendment, which ensured the right to vote of all men regardless of race. The suffragists tried to include women in the amendment, but their efforts were blocked by members of Congress who feared that a provision for women would cause the entire amendment to fail.

Despite this setback, the suffrage movement continued, and by 1912 had won for women the right to vote in nine western states. In 1916, the National Women's Party organized support for a national suffrage amendment. On August 16, 1920, the Nineteenth Amendment was ratified, finally giving women the right to vote in all state and national elections.

Laws Against Sex Discrimination. The 1960s and 1970s were years of great progress for women's rights. In 1963, Congress adopted the Equal Pay Act, which guaranteed equal pay for equal work. The 1964 Civil Rights Act also included prohibitions against job discrimination based on sex. In the early 1970s, the Supreme Court applied the Fifth Amendment's due process clause and the Fourteenth Amendment's equal protection clause to strike down laws that discriminated against women. In 1972, Congress barred gender-based discrimination in all education programs receiving federal support. And in 1978, Congress amended the Civil Rights Act to prohibit job discrimination against pregnant women.

Although women have made great progress over the last twenty years, they still suffer from discrimination. They have been denied access to many professions, and in many jobs, they are still paid less than men who do equal work. Various studies indicate that the average working woman earns between 64 and 70 percent of the average male salary. Women on the average earn 25 to 40 percent less than men doing similar work, even in fields dominated by women. For example, about 80 percent of all elementary school teachers are women, yet the average male teacher earns more than the average female teacher. Many women's groups still feel that only a constitutional amendment can correct these inequalities.

Equal Rights Amendment (ERA). In 1971, Congress passed a controversial amendment to the Constitution that supporters believed would guarantee equal rights for women. The proposed amendment stated: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex." Supporters said that the amendment would outlaw all forms of discrimination based on sex, such as lower salaries and unfair insurance and credit ratings, especially for divorced or widowed women, and would give women firmer legal standing against all other forms of discrimination.

ERA opponents argued that the simple wording of the law was deceptive and that the law would disrupt family life, legalize homosexual marriages, and cause women to lose the privileges of alimony and exemption from the draft. Many opponents believe that women are already fully protected under existing laws and that an amendment is unnecessary. In 1982, the deadline for ratification of the Equal Rights Amendment passed without ratification. The controversial amendment needed the approval of only a few more states to be ratified. The Equal Rights Amendment was reintroduced in Congress in 1985, but the action was considered largely symbolic because opposition to the ERA remains strong.

Black and White in America

	Black	White
Median family income	$15,432	$27,686
Percent unemployed	14.9%	11.5%
Percent living in poverty	33.8%	5.9%
Percent graduated from high school	79.7%	87.8%

Age Discrimination. Traditionally, retirement at age sixty-five or seventy has been expected; some consider it a right. Employers have justified giving job preference to younger workers as wanting to bring "new blood" into the office. But looked at another way, being denied work or forced out of a job because of one's age is little different than being denied employment because of race or sex.

The Age Discrimination Act of 1967 barred discrimination against people between the ages of

McDonald's

The age Discrimination Act—signed into law in 1986—forbids most employers from establishing a mandatory retirement age. Many older Americans have re-entered the work force, finding new careers.

forty and sixty-five. In 1978, Congress amended the law to protect people up to age seventy. Despite these laws, people in certain occupations—such as airline pilots, school bus drivers, and police officers—could still be forced to retire early. Activists for the rights of the elderly fought to narrow the list of occupations requiring early retirement, and to amend the laws and bar mandatory retirement in most other fields. In 1986, President Reagan signed into law an amendment to the Age Discrimination Act that forbids most employers from establishing a mandatory retirement age. The new law extends the careers of the more than 1.1 million Americans who are in the work force aged seventy and over and saves the government more than $25 million annually in social security and Medicare payments.

Discrimination Against the Handicapped. For years, society viewed disabled persons as helpless individuals—objects of fear, pity, and charity—with little to offer. As a result, handicapped people have had to fight social and physical barriers to achieve relative equality. For example, bright young people who were deaf, blind, or unable to walk were segregated in special schools and denied college education. Most schools were not equipped to teach the disabled. Without adequate education, the disabled often had to settle for unskilled jobs with low pay. The Rehabilitation Act of 1973 outlawed some barriers to equal education and job opportunities for the handicapped. The law prohibited employers who receive federal aid or who work on government contracts from refusing to hire handicapped persons. The act also required that public schools guarantee education to handicapped children and that colleges make their buildings accessible to the blind and those unable to walk.

Civil Rights Commission. The Civil Rights Commission was established in 1957 to keep track of civil rights violations and to propose ways to eliminate racial discrimination. Many of the commission's proposals were adopted as part of the civil rights legislation passed by Congress in the 1960s and early 1970s. However, when President Reagan took office, the Civil Rights Commission came under severe criticism.

In 1983 President Reagan fired three members of the six-member Civil Rights Commission who did not agree with his civil rights policies. Before President Reagan, no president had summarily dismissed any commissioners. Civil rights leaders charged that the firings undermined the commission's independence and illustrated the administration's insensitivity to civil rights problems.

Furthermore, critics of the Civil Rights Commission claim that over the past six years, the commission has not issued any new proposals for reducing race and sex discrimination. Instead, the commission has sought to discredit current antidiscriminatory programs such as busing and affirmative action. Some civil rights leaders favor abolishing the commission and forming a new Civil Rights Commission, completely independent of the government.

Recently, Congress responded to the critics and took action to cut back the commission's activities. In 1986, Congress cut funding for the Civil Rights Commission by almost 50 percent. This forced the commission to close seven of its ten regional offices and to lay off more than half of its staff. In 1988 Congress further reduced the commission's budget and placed restrictions on how the commission could spend its money. Congress asked the General Accounting Office

(GAO) to conduct quarterly audits to make sure the commission was following its budgetary limits.

Current Issues

Affirmative Action. In the late 1960s, the concept of affirmative action grew out of court attempts to make up for years of racial and sexual discrimination. The courts began ordering employers who receive federal money to give preference to women and minorities in hiring and promoting. The goal of affirmative action was to match the sexual and racial composition of the working place with that of the society as a whole. In 1987, the Supreme Court, in five separate cases, upheld the principle of affirmative action. The Court ruled that the Constitution and federal civil rights laws permit various forms of special treatment for minorities and women to correct statistical imbalances in the work force.

Supporters of affirmative action believe that these laws have been an effective tool for correcting bias in job hiring. The Department of Labor has found that minority employment increases at a higher rate in companies that are required to meet federal affirmative action rules than in companies not covered by the requirements.

Critics of affirmative action argue that it forces employers to consider sex and race above other qualifications when hiring. The result, they say, is "reverse discrimination" against white males. Critics contend that quotas are not fair and that hiring goals should be just that—goals to recruit more minorities—and should not be mandatory.

Busing. School districts have used busing to achieve racial balance in schools for almost two decades. But busing is still as controversial and as emotional an issue today as it was twenty years ago.

National Education Association/Joe Di Dio

Busing children in order to integrate public schools was required in many communities after the 1954 Supreme Court decision to desegregate the nation's schools. Busing remains a controversial issue in many parts of the country today.

Opponents of busing argue that it breaks down the neighborhood school system, forces school children to spend an hour or more a day commuting, and makes it difficult for students and parents to participate in school activities. According to opponents, busing is expensive to implement, divides communities, and makes schools even more segregated because white families withdraw their children from public schools. For example, in Boston, where court-ordered busing began in 1974, the program has been marred by violence. White enrollment in Boston's public schools dropped from 70 percent to 28 percent in eleven years.

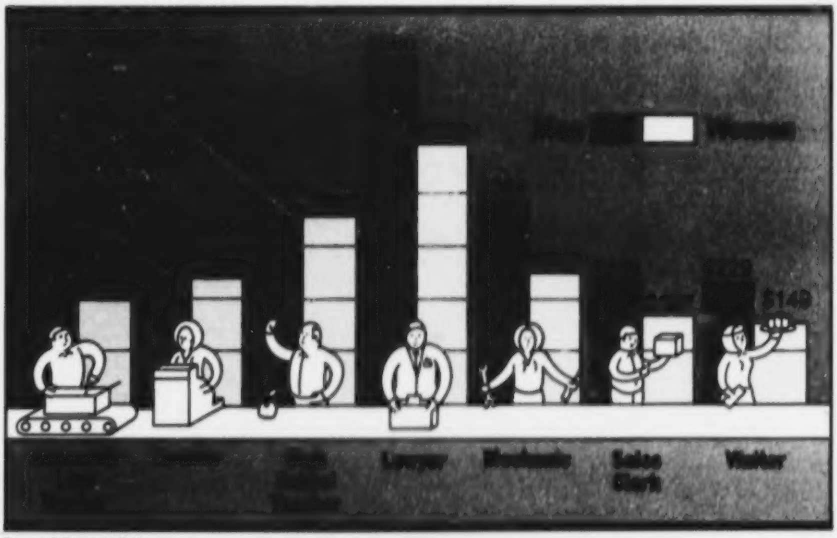
Those who oppose forced busing seek voluntary alternatives. One alternative currently being used in many school districts around the country is magnet schools. In the magnet school program, parents voluntarily choose to bus their children to nonneighborhood magnet schools because the schools offer specialized or intensive instruction in science, math, the performing arts, or the humanities.

Supporters of busing claim that it is a necessary tool to achieve integration and that children benefit from racially mixed classrooms. Black achievement levels have risen significantly, and children of all races benefit from exposure to a variety of ethnic backgrounds. Proponents point to the success of the Charlotte-Mecklenburg County schools in North Carolina as proof that busing can work. Although violence scarred these schools when busing was first ordered in the 1960s, racial tensions are now low and test scores have risen.

Comparable Worth. The Equal Pay Act of 1963 guarantees "equal pay for equal work," regardless of sex or race. But many women believe that they are still discriminated against in the job market. They claim that jobs filled mainly by women pay less than comparable jobs held by men. They point out that the average salary for a woman is two-thirds of the average salary for a man.

Many civil rights advocates believe that salaries for jobs held mainly by women should be raised to the level of men's salaries for jobs that require comparable effort, skill, experience, education, and responsibility—that is, equal pay for work of comparable value. For example, secretarial workers—mostly women—earn an average weekly salary of $301, while truck drivers—mostly men—earn an average weekly salary of $387. Supporters of comparable worth say that

According to a recent study, women in the workplace are paid about 70 cents for every $1 paid to men. Some state legislatures are considering comparable worth proposals that would narrow the wage gap between men and women.



Source: U.S. Department of Labor

though their work is different, secretaries and truck drivers should earn the same amount of money because both jobs require a comparable amount of skill and experience.

Supporters of comparable worth say that it would remove sex bias in wages. They say that comparable worth standards could first be applied to local, state, and federal government employees through a job rating system and then encouraged in the private sector. The system would assign points for each job based on the types of skills and experience required. Advocates say that such a system would help overcome differences in wages caused by tradition, male-dominated unions, and employer preferences in selecting men for high-paying jobs.

Critics of comparable worth argue that wage differences are not due to discrimination but are merely the result of free-market forces such as competition and the laws of supply and demand. They believe that women generally earn less than men because they do not have the same amount of education or experience. Critics of comparable worth point out that women are gradually moving into higher-paying jobs and that the wage gap is narrowing. They add that determining comparable worth is subjective, would be impossible to enforce, and costly to implement.

Despite the opposition, by 1988 forty-six states had taken some action on comparable worth, ranging from job evaluation studies to adjustment of pay scales.

A New Issue: Privacy in the Workplace. As part of the recent "war on drugs" the government recently required all federal employees to submit to random drug testing. Federal officials hope that private businesses will follow the government's lead and adopt similar measures. Currently, only 25 percent of the nation's major corporations—including IBM, General Electric, and United Airlines—require job applicants to submit to drug testing as part of the hiring process. Proponents of drug testing claim that drug abuse decreases worker productivity and increases absenteeism,

Big Brother Is Watching You

Drug testing is just one way that employers are monitoring employee behavior. Computers and electronics make monitoring easier and less costly. Key cards, which workers use to check in and out of various work stations, tell an employer how much time a worker spends in the parking lot, at a computer, on a coffee break, and even in the restroom.

costing companies millions of dollars every year. In addition, supporters claim that society cannot tolerate drug abuse in some occupations—such as people who work in public transportation or nuclear power facilities. Proponents of drug testing claim that the danger to society is too great to continue giving individuals the freedom to abuse drugs.

However, drug testing raises serious questions about the right of employers to control the private behavior of workers. Many civil liberties groups view random drug testing as a violation of the Fourth Amendment, which prohibits unreasonable search and seizure. They say that a worker has an inalienable right to privacy and should be free from unwarranted harassment. In addition, opponents claim that drug tests are often inaccurate. They point out that some foods and medicines may distort the results and could jeopardize the careers of innocent workers.

Outlook

During the past decade, the United States has made progress in the area of civil rights, although there is still work to be done. Civil rights protections have been extended to ethnic and religious minorities, women, the handicapped, and the elderly. But many Americans claim that we have not yet achieved an equal society. In the future, civil rights activists will continue to seek ways to ensure equal opportunity in education, housing, and employment. Women's groups will continue to work toward the adoption of the Equal Rights Amendment. And as the population ages, more attention will be focused on the rights of the elderly. Homosexuals, the poor, and the handicapped will press for the protection of their civil rights. Privacy in the workplace will become an increasingly important issue, as computer technology makes it easier for employers to monitor the work and personal habits of their workers.

The Debate Civil Rights

Should Affirmative Action Regulations Be Eased?

PRO

"Affirmative action" is just another term for "quotas." Years ago quotas were used to prevent minorities from getting jobs for which they were qualified. Using quotas now to help minorities and women is no less discriminatory. Employers should be able to hire the best employee for the job, regardless of color or sex.

CON

Affirmative action programs compensate for past and present job discrimination. They ensure that qualified workers do not lose out solely because of their sex or the color of their skin. Killing affirmative action programs would give employers an excuse to return to discriminatory hiring practices of the past.

Should Busing Be Banned as a Tool to Achieve Racial Integration in Schools?

PRO

A majority of parents, both black and white, oppose busing. Busing creates racial violence and resentment; it does not resolve it. Busing destroys neighborhood schools and creates problems for parents and students. It is harder for parents to participate in their children's school activities if the school is on the other side of town. Busing takes schools out of the community's control and puts them into the hands of federal judges.

CON

Busing is necessary to ensure equal educational opportunity. Recent studies show that desegregation has improved the learning skills of minorities. Busing has promoted racial harmony in areas where blacks and whites used to view each other with suspicion. Schoolchildren who once had little contact with other races now interact with them daily, breaking down stereotypes and discriminatory attitudes.

Should the Federal Government Support Comparable Worth?

PRO

Despite the Equal Pay Act of 1963, women's salaries on the average are less than two-thirds those of men. Salaries should be based on the skills, responsibilities, and experience necessary to do the job—not on whether the job traditionally has been filled by a man or a woman. Comparable worth legislation would correct this wage imbalance by raising salaries in occupations dominated by women to match those mainly filled by men.

CON

Discrimination itself did not cause the salary differences between men and women. Until recently, women have not had the education or experience to qualify for high-paying jobs. As more women stay in school and gain valuable work experience, they will move into higher-paying jobs. As they do, the wage gap will shrink. Government intervention in the marketplace is not a wise step.

The Debate, Civil Rights

Continued

Should Employers Test Workers for Drug Use?

PRO

Every year millions of dollars are lost because of drugs. Drugs decrease worker productivity and increase absenteeism. And drug abuse among some people—such as airline pilots or truck drivers—could cost the lives of innocent people. Employers have a right to expect their employees to be alert. Employers should be able to guarantee the ability of their workers to perform effectively.

CON

Drug testing is an intrusion into a person's private life. The Fourth Amendment protects a person's right to privacy. Random drug testing violates this right. Also, it has been proven that drug tests can be unreliable. Some foods and medicines may show up as illegal drugs in the tests. Innocent people could lose their jobs—and suffer the rest of their lives—because of such a mistake.

Social Programs

Who is ultimately responsible for the nation's poor, elderly, and unemployed? Is it the government, private charities, or the individuals themselves who are responsible? Many Americans believe that the job belongs to the government. But this was not always the case.

Before the Great Depression of the 1930s, the federal government took little responsibility for the economic welfare of poor Americans. Then, in 1932, President Franklin D. Roosevelt introduced his New Deal. He began a series of radically new programs—among them social security and unemployment insurance.

The New Deal changed the role of government forever. During the next 50 years, social programs mushroomed. For example, in the 1960s, Medicare was created to provide health care for the elderly. Project Head Start enhanced the education of disadvantaged preschoolers.

In the 1980s, President Ronald Reagan began to question the role of the federal government in social programs. He believed that although the government had a responsibility to provide a "safety net" for the truly needy, federal social programs were out of control. President Reagan trimmed the budgets of social programs although the core of most programs remained intact. There was a consensus in America that the government could not abandon its social responsibilities.

In recent years, however, the debate over social programs has shifted. The huge federal budget deficit has led officials to ask not whether the government should support social programs, but whether it can afford them. The challenge for the new administration will be to sustain existing social programs at their current levels, while reducing the federal budget deficit.

Key Questions

- Does the federal government provide enough aid for the truly needy?
- Should able-bodied people be required to work for welfare benefits?
- Should social security benefits be frozen?

Background

Roosevelt's New Deal. When elected in 1932, President Franklin Roosevelt introduced the New Deal program to overcome the effects of the Great Depression and to protect against future economic failures. Roosevelt believed that the government had a special obligation to help the unemployed, the poor, and the elderly. The New Deal program he created stressed jobs and social insurance rather than straight relief. Programs such as the Works Progress Administration and social security initiated America's social welfare system. The Works Progress Administration commissioned people to build bridges and roads, write books and plays, paint murals and buildings, and pursue numerous other activities. This program reflected Roosevelt's belief that payment should depend on work. The Social Security Act provided insurance for the unemployed and the retired, and public assistance for the elderly, the blind, and children in homes without wage earners. (Disabled people were granted social security benefits in 1956.)

LBJ's Great Society. During the 1960s, President Lyndon Johnson presided over significant social legislation—the enactment of major civil rights legislation, the introduction of Medicare and Medicaid, and the creation of programs designed to eliminate poverty—which became known as the Great Society programs. Johnson declared that no society could be great with poverty in its midst. He waged a full-scale assault against poverty by designing programs to move the poor up the economic ladder through vocational education and training. The Economic Opportunity Act of 1964 created rehabilitation services, preschool education programs, training and jobs programs for young people, and retraining programs for the unemployed.

President Johnson also increased federal social spending to provide the elderly with health care, and the poor with food, clothing, and housing. These measures, known as entitlement pro-

The White House

After a landslide election in 1964, President Lyndon Johnson told the nation, "We are in the midst of the greatest upward surge of economic well-being in the history of any nation. But we are only at the beginning of the road to the Great Society." Responding to Johnson's Great Society speech, Congress passed legislation creating many social programs, including Medicare, food stamps, and public housing.

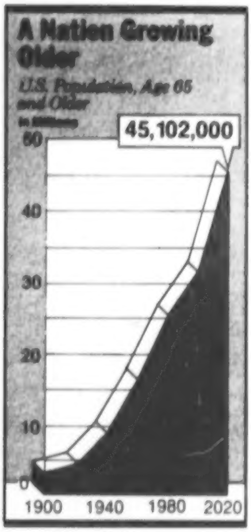
grams, were open-ended and usually received increased funding every year.

Most social programs, including social security, are entitlement programs. Because everyone who qualifies for a program is entitled to receive benefits, entitlement programs theoretically have no budgetary ceiling and are therefore difficult to plan or cut. The only way to cut entitlement programs is to restrict eligibility or reduce the amount of benefits each person receives. For example, many programs guarantee an annual cost-of-living adjustment (COLA), or increase, which provides recipients with yearly increases based on the rate of inflation. One way to save money is to keep the cost-of-living increase below the rate of inflation. The disadvantage to reduced COLAs is that Americans dependent on the programs cannot keep up with inflation.

Reagan and Social Spending. The open-ended growth of entitlement programs during the 1960s and 1970s led President Ronald Reagan to say that domestic spending was running out of control. President Reagan believed that although government has a responsibility to help the "truly needy," it has been too generous with its money. In addition, he claimed that waste and fraud plague federal social programs and that the high level of social spending drained the federal budget.

To correct these problems and to promote economic growth, President Reagan asked Congress to reduce taxes and cut federal social spending, especially for Medicare, Medicaid, Aid to Families with Dependent Children, food stamps, and school lunch programs.

Critics of President Reagan's policies charge that the president has pushed more and more people into poverty. However, the Reagan administration maintains that the government has not abandoned the "truly needy" and that budget reductions encourage people to seek employment. Despite the budget cuts, most experts believe that the core of the New Deal and Great Society programs—social security, Medicare, and Medicaid—remains intact.



Source: U.S. Bureau of the Census

As the nation grows older, the number of people receiving social security benefits will increase. By the year 2020 it is estimated that more than 20 percent of all Americans will be sixty-five years of age or older.

Entitlement Programs Today. Though spending on entitlement programs continues to be controversial, most major programs have survived the Reagan budget cuts.

Aid to Families with Dependent Children (AFDC). This program, created in 1935, is the one most often associated with the term "welfare," but it is only one of several welfare programs. AFDC payments go to low-income families with children under eighteen in which one or both parents are dead, incapacitated, absent, or unemployed. In practice, most payments go to single mothers. The federal government shares the costs of administering the AFDC program with the states.

Food Stamps. The federal food stamp program was instituted in 1964 under the auspices of the Department of Agriculture to ensure that poor people would have enough food to eat. Instead of providing money, the food stamp program supplies coupons, or *vouchers*, redeemable for food only. In 1987, the food stamp program benefited more than 19 million Americans.

Government-Financed Health Care Programs. Medicaid, established in 1965 as part of the Great Society, provides the poor with free or subsidized medical care. Medicaid payments, which are funded jointly by the federal government and the states, total more than $41 billion and reach 22.5 million Americans.

Medicare, also instituted in 1965, pays benefits to approximately 31 million people. In 1987, Medicare benefits totalled $74.9 billion. (Medicare and Medicaid are discussed further in the Health Care chapter.)

Supplementary Security Income (SSI). This program, created in 1974, provides cash benefits for the blind, the disabled, the elderly, and others with special needs and low incomes. In 1987, more than 4 million people received SSI benefits, at a total cost of about $11 billion.

Low-Income Energy Assistance. This program, instituted in 1980, provides funds to help the poor pay their fuel bills for heating (in northern states) and air conditioning (in the Sun Belt). It was among the programs most severely affected by the 1980s budget cuts.

Public Housing. Established in 1965, the Department of Housing and Urban Development (HUD) builds low-cost public housing, provides assistance to private companies that build low-cost housing, and subsidizes rent for people who need help paying their rent.

Job Programs. The Comprehensive Employment and Training Act of 1973 (CETA) provided job opportunities for teenagers, low-income persons with long-term employment problems, and people laid off during recessions. Following reports of fraud, abuse, and waste, Congress cut CETA's budget in 1981, but authorized money for the Job Corps, summer youth jobs, and joint programs with businesses to provide training.

Social Security. Formally named Old Age, Survivors, and Disability Insurance (OASDI), social security is by far the largest social program. Created in 1935 by the Social Security Act, social security is a self-perpetuating trust fund with its own income. Every working person in America—except railway and government employees, who have their own plans, and special types of workers who are not employed regularly—pays social security taxes. (A federal law passed in 1983 requires all *new* federal employees to pay into the social security system.) Social security is financed by equal employer and employee contributions. The system pays old-age and survivor benefits to retired workers and their dependents, or to survivors of employees who have died. The amount recipients get is based on their average monthly earnings over a number of years.

In 1983, social security faced bankruptcy because of COLAs. In the 1970s, oil shortages from the Middle East had caused inflation to skyrocket, and automatic COLAs outstripped the total amount brought in by the taxes that financed social security. Faced with a shortage of funds, Congress passed a plan to refinance the system. Without the changes, the social security system would have run out of money for paying benefits by the middle of 1983.

SOCIAL SECURITY
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Social Security Card

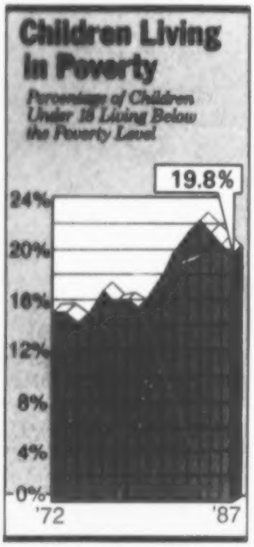
The first social security cards, issued in 1935, were used solely to identify a person's private account number with the Social Security Administration. Since then, social security numbers have become part of a national identification system. Today, social security numbers are used for driver's licenses, student identification cards, hospital patient records, marriage certificates, and loan applications.

To prevent bankruptcy, Congress voted to: (1) increase the payroll taxes paid by employers, employees, and self-employed individuals; (2) require new federal workers to pay social security taxes; and (3) tax the social security benefits of high-income retirees. Savings will be made by reducing benefits and by gradually increasing the age at which one becomes eligible for benefits, from 65 to 67 years, by the year 2027.

In 1987, social security provided funds to 35.5 million retired and disabled people or their survivors at an estimated cost of $212 billion. The fiscal year 1989 budget allocates $234.5 billion for social security payments.

Current Issues

Can the Government Afford Social Programs? Since the 1930s, the federal government has funded programs that provide for the health, education, and financial security of many needy Americans. But in the early 1980s, some members of Congress advocated shifting the responsibility of caring for the nation's needy to state and local governments. To this end, federal social programs were trimmed during the Reagan years. The most notable cuts occurred in programs for the poor, including low-income energy assistance and subsidized housing. But for the most part, social programs remain in place. However, today many policymakers question the ability of the government to provide assistance to every needy citizen and every social program. With a huge budget deficit and the reluctance of most policymakers to raise taxes, many experts wonder how the federal government can continue to pay for social programs.



Source: U.S. Bureau of the Census

The government reports that nearly 13 million children—or one in five—live in poverty in the United States. Estimates show that nearly 90 percent of these children live in families headed by a single woman under the age of 30, who did not graduate from high school.

Nevertheless, within the constraints of the budget, both the president and Congress must deal with the problems of poverty in the United States. More than 32 million people—13 percent of the population—lived in poverty in the United States in 1986. (The Census Bureau sets the poverty

CLAIMS INFORMATION

UPI/Bettmann Newsphotos

Today, many policymakers are questioning the wisdom of government social programs. They say that the programs may actually institutionalize poverty by making recipients dependent on the government.

level at $11,200 for a family of four). More than 11 percent of all whites live in poverty. And the numbers are higher for blacks and Hispanics. More than 31 percent of all blacks in the United States are impoverished and 27 percent of all Hispanics—5.3 million people—live below the poverty line. Children constitute 13.6 percent of all those in poverty. In 1986, 19.8 percent of all children (under the age of 18) lived below the poverty line. Some experts believe that budget cuts for social programs hamper the chance of poor children to break out of the cycle of poverty.

Welfare Reform. When a special White House task force declared in 1986 that "America's welfare system fails the people it is designated to serve," it was echoing a conclusion expressed repeatedly in the last two decades. Most experts have long agreed that the present welfare system, which costs more than $40 billion a year in cash, health coverage, food stamps, and housing subsidies, does not work very well. Critics say that the present welfare system gives the poor little incentive to find jobs since money they earn may disqualify them from receiving welfare benefits. In addition, the present welfare system often encourages the breakup of families. In many states Aid to Families With Dependent Children (AFDC)—the major welfare program—provides assistance only to families headed by single mothers.

While there has been universal agreement on the need for welfare reform, until recently there has been little agreement on how to achieve it. In 1987, members of Congress reached a consensus on the goals of welfare reform: (1) to train welfare recipients in necessary job skills and (2) to make welfare beneficiaries self-sufficient. Several bills have been introduced in Congress to achieve these goals through job training and placement, remedial education, and child care programs. In addition, the legislation contains provisions that would extend welfare coverage to two-parent families and would require absentee fathers to pay child support. Another key element in welfare reform legislation is the concept known as *workfare*.

Workfare. Workfare programs require that every able-bodied person work or participate in a job training program to be eligible for welfare. Currently, more than half the states are imple-

Workfare programs require that able-bodied persons work or participate in job training programs to be eligible for welfare benefits. Workfare is popular with state and local government officials as well as the public. A recent Gallup survey shows that 69 percent of those polled favor workfare, while only 25 percent oppose the idea.

Clean Up Foundation

menting their own workfare programs. Proponents of workfare say that the program gives recipients a chance to repay society for welfare benefits. Workfare offers the poor the dignity of work and provides them with the opportunity to break out of the cycle of poverty. In addition, supporters of workfare claim that it keeps people who do not want to work from being supported by welfare.

Critics charge that workfare programs are demeaning to the poor because program participants are forced to work at menial jobs that no one else wants. Most workfare jobs fail to teach valuable job skills or lead to permanent employment. Many people also object to workfare because it displaces other workers. According to the Workers Rights Institute in Milwaukee, Wisconsin, as many as 1,000 workers lost their jobs to workfare participants after that city implemented a program several years ago.

Social Security. Social security is a popular program that traditionally has been spared reductions in spending because of its success in helping both the elderly and the disabled meet their financial needs. Both Republicans and Democrats strongly support the system, and those receiving social security benefits have a great deal of political influence. Because of social security's popularity, it has traditionally been off limits to budget cutters.

But social security is no longer immune to budget cuts. The federal budget deficit is so large that no government program is safe from congressional scrutiny. The most widely discussed plan in Congress is to freeze, or delay, cost-of-living adjustments (COLAs) for one year. The Congressional Budget Office estimates that this action would save nearly $6 billion the first year and about $27 billion over three years. But some members of Congress are unwilling to consider freezing social security benefits because COLAs are necessary to guard recipients against the ravages of inflation. They say that a freeze would push half-a-million older Americans below the

Homeless in America

The growing number of homeless people is a major problem in many of America's cities. Despite enormous volunteer efforts and a congressional appropriation of $355 million in 1987, the U.S. Conference of Mayors reported a 20 percent increase in the number of homeless people in the United States.

poverty line and would strain the budgets of the 65 percent of the elderly who rely on social security as their main source of income. They also point out that benefits were cut in 1983 and that any new reductions would break the 1983 refinancing agreement.

Others in Congress are beginning to take the opposite view. They say that, in order to balance the budget, everyone—including social security recipients—will have to make sacrifices. These senators and representatives say that government employees and military retirees have had their cost-of-living increases frozen recently. They claim it is unfair to freeze benefits for some groups but not for others.

Many young people too are dissatisfied with the present social security system. They say that too much money is being paid out now, and they resent the high social security taxes they must pay. Younger workers fear that the fund may be used up by the time they retire, so they will never see the money they paid into the system. The elderly respond by saying that they are entitled to their benefits. They paid into the system throughout their careers and are just now receiving their just rewards.

The New Poor: Elderly Women

Of the 3.4 million people over the age of 65 living below the poverty line, 72 percent are women. Nationally, women's salaries are substantially lower than men's, and so are their retirement benefits. Because of the lower benefits, many women find themselves with inadequate health care plans, insufficient social security funds, and low pension incomes after their spouses die.

Outlook

The controversy over social programs is shifting. In view of the huge federal budget deficit, the central policy question is not whether the government should pay for social programs but how. Where will the money come from? Any new welfare reform program will undergo tough fiscal scrutiny. Despite severe budgetary problems, there will continue to be concern about providing for the poor. The problems of the hungry and the homeless will require innovative solutions.

The Debate Social Programs

Does the Federal Government Provide Enough Aid for the Truly Needy?

PRO

Fraud and abuse have plagued welfare programs. The lower budget merely accounts for the overwhelming impact that fraud has had on the system. Reductions in spending will force the government to scrutinize carefully who gets money and who does not. Benefits to the truly needy—the disabled, the elderly, and the sick—need not be cut.

CON

Critics of welfare programs greatly overestimate the amount of fraud in social welfare programs. Budget cuts have hurt the truly needy more than they have hurt the few who abuse the system. Our country is the richest in the world, and we have a moral obligation to help the poor, the elderly, and the disabled.

Should Able-Bodied People Be Required to Work for Welfare Benefits?

PRO

It is not fair to expect the public to pay welfare to people who are perfectly capable of working. Welfare recipients should be required to spend some of their time working for the good of society. There is no shortage of work to be done. Most communities need people to clean up litter, to help out in day-care centers, or to write traffic tickets. Jobs would help welfare recipients regain their self-esteem.

CON

Workfare is demeaning. Welfare recipients are forced to do menial labor—without salary—in exchange for welfare benefits. Workfare jobs tend to be menial, make-work jobs that do not train people for permanent employment. Moreover, workfare takes jobs away from other workers, since communities do not have to pay regular salaries to workfare participants.

Should Social Security Benefits Be Frozen?

PRO

Every federal program, including social security, must be streamlined to help reduce the budget deficit. A social security freeze would not cut benefits; it would merely delay cost-of-living increases for one year. Experts predict that a freeze could save $27 billion by 1990—a significant start on reducing the debt—and lead to a healthy economy that would serve the elderly and disabled better than increased social security payments.

CON

A "freeze" is another name for a *cut* in social security benefits. Denying COLA increases to the elderly and disabled leaves them with less money than they had the year before. Half a million people will be pushed below the poverty line, and many more will face severe financial strain. Social security is not funded through general tax revenues. Budget cutters should look at other programs, particularly defense, if they want to slash spending.

Health Care

The American health care crisis has a human face:

- It is a heroin addict, on probation for burglary, who is desperately seeking to kick his drug habit. He goes to a drug treatment center where he is told there is no room for him and the waiting list is six months long.

- It is an elderly woman with Alzheimer's disease. Physically healthy, she may live for years, but will require 24-hour care for the rest of her life. She is faced with having to spend her life savings to pay for a private nurse because the federal health care program for the elderly (Medicare) will only cover a fraction of the cost.

- It is a young man lying in a hospital bed waiting to die. He has acquired immune deficiency syndrome (AIDS). However, he must leave the hospital soon because his insurance will not cover hospital stays of longer than three weeks.

Most policymakers agree that everyone is entitled to adequate medical care, regardless of income. However, the cost of health care continues to rise every year, and even basic medical treatment is becoming too expensive for millions of Americans. Today, many people ask: How can we as a nation pay the cost of providing health care for all our citizens?

Key Questions

- Should the United States adopt national health insurance?
- Would increased competition in health care bring costs down?
- Should there be AIDS education in schools?

Background

The Push for National Health Insurance. Millions of Americans do not receive adequate health care, particularly the poor, the disabled, the unemployed, and the elderly. Many cannot afford private medical insurance and do not qualify for government programs such as Medicare and Medicaid. Some of those who have insurance discover that they cannot afford the *deductible* (the amount of money patients must pay before their insurance coverage begins), so they do not seek medical treatment. And without treatment, their health often deteriorates, leading to serious consequences. Many people believe that the government should ensure that everyone receives adequate health care. But others say that health care is a private responsibility. The debate over government-financed health care has been going on for more than seventy years.

During the first half of the century, many people had difficulty finding adequate, affordable health care. In 1912, former President Theodore Roosevelt recommended that national health insurance be provided for all Americans. In 1935, President Franklin Delano Roosevelt considered making national health insurance a part of social security—a new program to provide monetary assistance to the elderly. President Roosevelt later dropped this idea because he was afraid that a health insurance plan might hurt the chances for congressional approval of a social security act. National health insurance did not become an issue again until after World War II. President Harry Truman believed that "financial means should not determine the quality and quantity of medical services a citizen receives." He advocated passage of a comprehensive federal insurance program, but Congress blocked this effort. Critics of Truman's plan said it would be a federal giveaway, helping those already well off.

After Truman's plan for comprehensive health insurance failed, he decided to go after national insurance in stages. In 1952, he introduced a plan that would have provided health care just for the elderly. But when Dwight Eisenhower became president in 1953, the proposal was shelved. In 1958, interest in health insurance for the elderly was renewed, and an intense seven-year debate over national health care began.

Paying the Doctor's Bill: Today and Tomorrow

Experts estimate that by the year 2000, the cost per person for adequate health care will rise dramatically. Today, a person's health care bill runs about $1,837 a year. But by the year 2000, the yearly health care bill per person will be $5,500.

Health Care and the Great Society. During the mid-1960s, President Lyndon Johnson introduced many civil rights and social programs designed to eliminate poverty and help bring economic equality to all Americans. The capstone of Johnson's Great Society was the introduction of government-financed health care—*Medicare* and *Medicaid*—in 1965. These programs served the most vulnerable segments of society—the elderly, the disabled, and the poor.

Medicare. Today, roughly 31 million people benefit from Medicare. The Medicare program consists of two parts. The first part, hospital insurance, pays for 60 days of hospital care and up to 100 days of nursing care. Each working person in America pays a special payroll tax to fund hospital insurance. All elderly recipients of social security, retired railroad workers, and disabled persons are entitled to Medicare coverage, although they must pay an annual fee to the government if they use Medicare while in the hospital. They may also have to make additional payments to their doctors or hospitals to help meet costs. The second part, supplemental medical insurance, covers 80 percent of doctor fees, laboratory tests, and other medical expenses. This part is optional, and beneficiaries must pay a monthly premium to be eligible. Medicare does not pay for eyeglasses, dental work, drugs, or long-term nursing care.

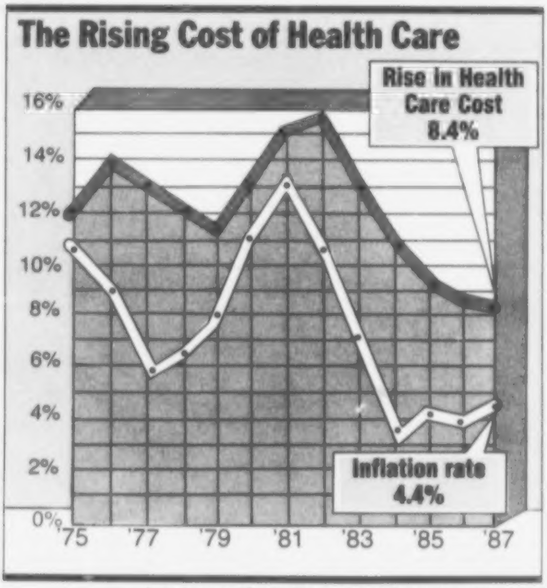
The Medicare Dilemma. Medicare is faced with a dilemma. On the one hand, it spends too much; on the other hand, it does not spend enough. Each year, Medicare costs more and more money. Between 1970 and 1982, government spending on Medicare increased 18 percent per year. Despite increases in payroll taxes, revenues have not kept up with this spending. The Congressional Budget Office has predicted that the hospital insurance part of Medicare will go bankrupt by the early 1990s unless drastic action is taken.

On the other hand, Medicare does not spend enough money. In recent years, the government has reduced Medicare benefits to patients, requiring recipients to pay more than $500 a year to meet the deductible. The government has also limited the amount of money it will pay to doctors and hospitals for certain treatment and tests. Many doctors and hospitals now charge patients more than the amount Medicare will cover, and some doctors refuse to treat some patients at all because Medicare reimbursement is too low.

Medicaid. Medicaid is a joint federal and state program to help the poor pay for health care. Although the federal government funds roughly 55 percent of Medicaid, each state establishes its own eligibility requirements, based on income, and administers its own program. Medicaid pays for hospital care, long-term nursing care, doctor fees, laboratory tests, and X rays. Many states have cut Medicaid services to reduce budget costs, and some patients are discovering that Medicaid benefits do not cover all their medical bills.

Rising Health Care Expenditures. Over the last two decades, the cost of health care has increased much faster than the rate of inflation for all goods and services. When Medicare and Medicaid were introduced in 1965, spending on medical services—by the government, private insurers, and patients—totaled more than $41 billion, of which the federal government spent $1.7 billion. By 1986, health expenditures hit $458 billion, of which the federal government spent more than $120 billion, mostly on Medicare. Some experts predict that total health expenditures will hit $1.5 trillion by the year 2000.

Two major developments have fueled the increase in health care costs: (1) the expansion of a system in which patients do not pay their own



Source: Congressional Research Service and Statistical Abstract of the United States, 1988

Millions of Americans can no longer afford the high cost of medical treatment. Federal and state policymakers are searching for ways to reduce health care costs and to provide medical coverage for all Americans.

medical bills; and (2) the development of expensive new medical technologies. Some health care experts believe that the greatest spur to medical inflation has been the development of a system in which private insurance companies and the government pay for most health care services. Most insurers, including the government, cover 90 percent of patients' hospital costs and 80 percent of doctor fees. Most insurers also use an "after-the-fact, fee-for-service" payment policy. Under this policy, hospitals and doctors submit their bills directly to the insurance companies and are reimbursed for most of their costs. This method of payment has allowed some doctors and hospitals to charge high prices and to perform a large number of diagnostic tests in order to collect more money. (Some doctors have even submitted bills for services that were never provided.) In general, patients have not been concerned about the cost of health care because they trust their doctors' judgment, and they know their insurance will cover it.

New medical techniques and technology, such as organ transplants, kidney dialysis, and artificial hearts, have made it possible for doctors to prolong a person's life. However, technological advances have also increased the cost of health care dramatically. Many medical experts wonder how long we can afford to keep people alive.

American Hospital Publishing, Inc

The development of new technologies has also increased the cost of health care substantially. New medical equipment is expensive and requires the use of highly trained, high-salaried personnel. Often, several hospitals in the same area will purchase the same expensive equipment and offer the same services. The added costs of the duplicated equipment and services are passed on to patients and their insurers.

Recent developments in medical technology have also made it possible to prolong life, adding to overall spending. Today, organ transplants are commonplace, dialysis is available for kidney failures, respirators keep people breathing when their lungs fail, and machines are replacing diseased hearts. But technological advances that prolong life are often expensive. For example, a heart transplant operation costs between $75,000 and $125,000. Doctors are trained to keep patients alive at all costs and to give them the best treatment possible, but this sometimes creates severe financial strain on patients and their families. Increasingly, health care professionals, policymakers, and other experts are having to face a difficult question: As a society, how long can we afford to keep people alive?

Malpractice and Patients. In recent years, insurance rates for doctors have sharply increased. Doctors claim that malpractice suits—brought by patients against their doctors for allegedly improper care—are driving up their insurance rates to a point where doctors can no longer pay their premiums. The number of patients suing their doctors tripled in the last decade, and the average monetary award in malpractice lawsuits increased more than 250 percent.

Many people believe that the rise in insurance rates boosts patients' costs and threatens the quality of medical care. Doctors usually pass on their rate increases to patients in the form of higher fees. Some doctors now order many diagnostic tests to protect themselves against potential lawsuits. Such tests add from $15 billion to $40 billion to health care costs every year. Particularly vulnerable are obstetricians, many of whom are quitting their practices because the cost of insurance is too high. For example, in 1986, the American College of Obstetricians and Gynecology reported that 12 percent of its members no longer delivered babies. And in North Carolina, one-half of all family doctors have stopped delivering babies. As a result, some patients have difficulty finding doctors to treat them.

Close Up Foundation

Today, more Americans realize the importance of preventive health care. By exercising, watching what they eat, and having periodic checkups, many people are reducing their need for costly medical treatment.

The Patient's Role in Health Care. Many experts say that patients should assume more responsibility in reducing their personal spending for health care. Currently, 97 cents out of every dollar Americans spend on health care goes for the treatment of disease. Only 2.5 cents goes for preventive care such as annual physical checkups and immunizations. (The other 0.5 cent is spent on educational programs to teach people how to stay healthy.) Experts believe that patients can lead healthier lives and reduce the amount of money spent on medical treatment by taking better care of themselves—for example, by exercising, controlling their diet, not smoking, and abstaining from alcohol. Experts also recommend that patients become more involved in medical decisionmaking by being informed and by seeking second opinions—especially when surgery is recommended.

Current Issues

Is Health Care a Right? Should the federal government provide health care for all citizens? Many national leaders believe that it should. They say that health care is not a product like a car or a television set, but a necessity, and that the government should ensure that everyone receives adequate health care. They point out that the United States and South Africa are the only industrialized nations in the world that do not guarantee their citizens health care.

Some proponents of a greater role for government in health care want a national insurance plan. Such a plan would give everyone access to medical treatment because the government would pay patients' medical bills. But supporters of national health insurance disagree over how much coverage the government should provide. Some believe that the government should continue the Medicaid and Medicare programs, but that it should extend coverage to people who run up high hospital costs—for example, bills for more than $2,000—or who need expensive treatment for catastrophic illnesses.

Other proponents want to expand the government's role so that everyone receives government-financed medical insurance. A percentage of an individual's income would determine his or her annual payment for coverage. Some want the government to underwrite medical coverage completely, as is done in the United Kingdom and Canada. This program would be financed through payroll taxes and general tax revenues.

Critics of national health insurance say that the government cannot afford the huge cost of such a program. They argue that the federal government already faces a massive debt, and American citizens do not want higher taxes. They point out that more than 80 percent of the population is already insured for hospital costs and that a new national plan would only divert federal resources from other projects. Critics also claim that the government already supports a form of national insurance by subsidizing employers' health insurance policies for employees. They believe that the government is already too involved in people's personal lives and should not be making medical decisions for them, too.

The AIDS Crisis. One of the most devastating diseases to develop around the world in the last decade is acquired immune deficiency syndrome (AIDS). Since the early 1980s, more than 28,000 people have died of AIDS in the United States alone. There is no cure for AIDS. There is no vaccine to prevent its spread. However, many experts claim that the more people understand about AIDS and how it is transmitted, the better this disease can be prevented from spreading.

AIDS is caused by a virus called the human immunodeficiency virus (HIV). HIV attacks the white blood cells in the body. White blood cells make up the body's immune system, which helps protect a person from infections. When white blood cells are damaged, a person's ability to fend off disease decreases. Thus, people with AIDS are vulnerable to illnesses that would not pose a threat to them if their immune systems were functioning properly.

Federal spending on AIDS has increased from $6 million in 1982 to more than $1.3 billion in 1988. Most of the federal funds, about $900 million, are spent on AIDS research. In addition, the government spends hundreds of millions of dollars on AIDS education programs—including

Reuters/Bettmann Newsphotos

Many parents fear that children with AIDS might spread the disease in schools. Ryan White (left), who got AIDS from a blood transfusion, was banned from attending high school in Indiana after parents protested. However, in 1986, after more than two years of legal battles, the Indiana Court of Appeals allowed Ryan to return to the classroom.

television ads and other major publicity campaigns—and for the care and treatment of people with AIDS.

Medical experts and policymakers in the United States agree that proper information and education can prevent thousands of people from contracting AIDS. Public awareness campaigns have begun nationwide. However, controversy surrounds AIDS education in the nation's schools.

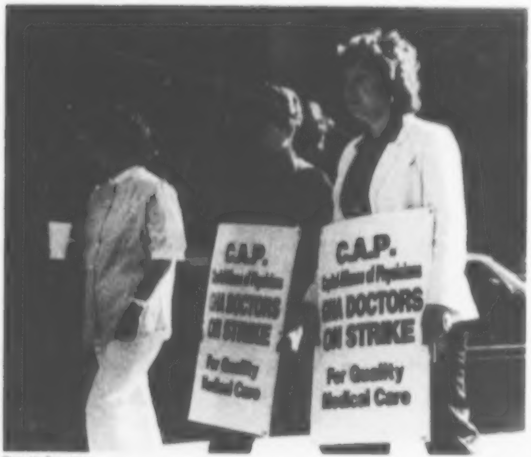
AIDS Education in the Schools. Although medical experts agree that one of the best ways to combat the spread of AIDS is by educating elementary and high school students, there is much disagreement over what should be taught to children about AIDS, about how it is transmitted, and about the best preventive measures. Parents, students, and school officials are currently wrestling with the ethical, moral, and medical questions surrounding AIDS education. A major problem in agreeing on an AIDS education program in schools stems from how AIDS is transmitted.

AIDS is transmitted primarily through sexual contact and intravenous drug use. Many experts believe that AIDS education programs in the schools should include open and frank explanations of how the disease is transmitted and how its transmission can be prevented. Some school districts around the country have already instituted AIDS awareness programs in elementary and high schools to help students learn more about the disease. However, many parents object to AIDS courses in public schools. They claim that these courses do not adequately stress sexual abstinence as the best way to prevent the spread of AIDS, and that discussions about sex should be saved for the home. Faced with increasing opposition, many school officials are proceeding cautiously on AIDS education.

The Growing AIDS Epidemic

Experts predict that 54,000 people—about the same as the number of U.S. servicemen killed during the entire Vietnam War—will die of AIDS in 1992 alone.

Catastrophic Insurance. Some members of Congress have proposed creating a program that would protect the elderly from the high medical costs that can result from a severe, or *catastrophic*, illness, such as a heart attack or a stroke. Under such a plan, Medicare would be expanded to pay



Close Up Foundation

During the last few years, groups of doctors have formed thousands of health maintenance organizations (HMOs) across the nation. But despite cheaper rates and the ability to offer many services under one roof, HMOs are experiencing growing pains. Here, HMO doctors picket an HMO in Washington, D.C., to protest their daily workload.

a patient's hospital bill during a lengthy stay. For example, if Medicare recipients were stricken with a catastrophic illness, they would only pay up to $2,000 a year in doctor fees and related medical services. The government would pay the rest. (Currently, about 800,000 people run up more than $2,000 in medical expenses each year.) Supporters of this plan say that it would be totally financed by an extra monthly charge that Medicare beneficiaries would contribute to the program. They claim that without catastrophic insurance, elderly Americans will continue to face an intolerable choice—the choice between bankruptcy and death.

However, critics question expanding Medicare to cover catastrophic illnesses. They argue that the plan replaces the private market in catastrophic insurance with a federal monopoly. According to these opponents, private insurance companies already provide catastrophic medical coverage for 70 percent of the elderly, and that many more are adequately covered by Medicaid.

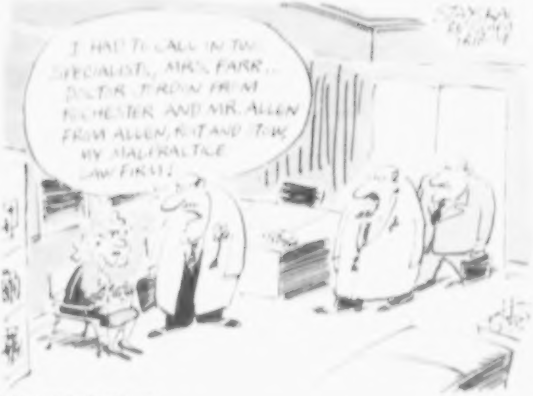
Reducing the Cost of Health Care. A number of proposals have been introduced to reduce the cost of health care. Recently, the government instituted a system called *diagnosis related group payments* (DRGs), which limits the amount paid to hospitals for specific treatments and diseases to fixed fees. Several states have instituted similar systems. Supporters say that DRGs will reduce health care costs because once the government stops paying for tests that are by and large unnecessary, hospitals—and doctors with patients in hospitals—will stop administering them. Critics say that DRGs and similar fixed-rate schedules force hospitals to cut back on services they provide to patients. They also charge that in order to save money, some hospitals are releasing patients before they are fully recovered.

Another proposal to reduce health care costs entails increasing competition among hospitals. Traditionally, hospitals have not had to make a profit, instead relying heavily on charities and local government subsidies for support. But today, large corporations own and operate many hospitals. Corporate leaders believe that their hospitals are more efficient and less expensive to operate than community hospitals because they are more concerned with cost control and buy their supplies in huge quantities. Another innovation is the development of health maintenance organizations (HMOs). HMOs offer a wide range of medical services at one location and charge patients a fixed annual fee to cover all their medical needs. Critics contend that corporate-owned hospitals do not provide enough *uncompensated*, or free, care for patients who are unable to pay. This puts an unfair burden on community hospitals, which are required to take patients who cannot pay. HMOs are also criticized for being too concerned with controlling costs and not offering high quality or personal care.

One-Stop Service

Today, 24 million Americans belong to health maintenance organizations (HMOs). By 1996, half of all Americans will be HMO members. HMOs offer the convenience of a wide range of medical services under one roof for a fixed annual fee.

The Malpractice Crisis. Every year, American doctors pay more than $4 billion for medical malpractice insurance. Doctors in high-risk specialties such as obstetrics have been especially hard hit. Their premiums have gone up more than 30 percent every year for the last decade. These increased costs are passed on to patients through higher doctor fees and additional diagnostic tests. Doctors also say that costly malpractice insurance


I HAD TO CALL IN TWO SPECIALISTS, MRS. FARR... DOCTOR JORDAN FROM ROCHESTER AND MR. ALLEN FROM ALLEN, ROT AND STOW, MY MALPRACTICE LAW FIRM!

By Stayskal for The Tampa Tribune

adversely affects the traditional patient/doctor relationship because many doctors now regard each patient as a potential lawsuit. As a result, some doctors are abandoning their medical practices altogether.

More than thirty-five states are considering laws that would limit the amount of money awarded to patients in malpractice suits. In 1984, the average jury award was $338,000. States are also considering limiting the amount of money that lawyers can earn from malpractice cases. Lawyers usually earn 30 to 40 percent of the patient's award but receive nothing if they lose the case. Some doctors accuse lawyers of seeking outlandish settlements so they can line their own pockets.

Many patients and lawyers believe that the crisis in malpractice insurance is overstated. They say that the number of cases has increased because doctors are making more mistakes. Some claim that filing malpractice suits is the only way patients can be compensated for improper care. They point to examples of substandard care that have led to brain damage in babies and to other tragedies. In fact, they claim that most victims of malpractice are not compensated.

Outlook

Both the government and the health care industry are searching for ways to cut health care costs. Increased competition with corporate-owned hospitals and government spending limits have had some success. Whether these measures will continue to help remains to be seen, since the cost of health care is still rising much faster than the price for any other goods and services. Increasingly, proper treatment will be available only to those who can afford to pay for it.

The growing AIDS epidemic in the United States again raises questions about society's responsibility to care for its sick. Some people claim that the federal government has not taken the necessary steps to combat the AIDS epidemic in the United States. They are calling on the government to create a coordinated program that will find a cure for AIDS, educate the public about prevention, and provide care for the thousands of people who are dying from AIDS.

The Debate Health Care

Should the United States Adopt National Health Insurance?

PRO

Thirty million Americans have no health insurance, and millions more have inadequate coverage. A national health insurance system would correct this and make medical care available to all. Such a plan would control rising health care costs and coordinate medical planning. And national insurance would cost less overall than the present system.

CON

A national health insurance plan is not necessary. More than 80 percent of all Americans are covered by insurance plans, and those who are not covered would be best served by more competition in the health care industry and selected government regulation. National insurance would drain the federal budget, raise taxes, and lead to government intrusion in sensitive medical decisions.

Would Increased Competition in Health Care Bring Costs Down?

PRO

Competition in the health care industry will reduce costs because everyone will be allowed to make their own decisions concerning health care. Consumers will pick the most cost-efficient program for their needs. Suppliers of health care—such as insurance companies and corporate-owned hospitals—will compete with one another to offer quality service at reduced rates.

CON

Adequate health care for all cannot be provided in a free marketplace. Purchasing health care is not the same as buying a car or a pair of shoes. People who are sick do not shop around for cheap doctors and hospitals. Rather, they depend on their doctors to make the best possible medical decisions. The best way to control costs is through improved government regulation and close monitoring of medical fees.

Should There Be AIDS Education in Schools?

PRO

The only way to stop the spread of AIDS is to educate the nation's young people. AIDS education programs in schools must include open and frank explanations of how AIDS is transmitted and how its transmission can be prevented. AIDS education is needed in the nation's schools to ensure that students get reliable information about how to prevent the spread of this deadly disease.

CON

AIDS is transmitted primarily through sexual contact. Discussions of sex and sexual diseases—especially AIDS—are best saved for the home. Parents—not the schools—should decide what their children learn about AIDS and what the best preventive measures are.

Immigration

In 1986, approximately 600,000 immigrants were issued visas to enter the United States legally. But more than one million others chose to enter the United States illegally, sometimes placing themselves at great risk. These illegal immigrants—mostly from Mexico, Nicaragua, El Salvador, and Guatemala—come to America for the same reason immigrants have been coming here for more than 300 years. They hope to escape persecution, to improve their lives, or to be reunited with their families. But the flood of illegal immigrants into this country causes great concern. In 1986, Congress passed the Immigration Reform and Control Act, which was aimed at stemming the flow of illegal immigration. A key provision of the law punishes employers who hire illegals. By eliminating jobs, immigration officials hope to discourage illegal immigrants from entering the country to find work. In addition, the law attempts to solve a related problem—illegal aliens living in the United States.

Between 4 million and 12 million illegal aliens—mostly Latin Americans—already live in the United States. Many have lived here for a long time. The Immigration Reform and Control Act makes it possible for many of them to become legal residents by granting them amnesty from criminal prosecution. However, as with any major change, there are still unresolved questions. Should employers who hire illegal aliens be fined? Was the amnesty program applied fairly? Will the new law halt illegal immigration?

Key Questions

- Should the government punish employers who hire illegal aliens?
- Should economic refugees be admitted?
- Should all immigrants be required to speak English?

Background

The Days of Unlimited Immigration. The United States is a nation of immigrants. At first, the country was open to anyone wishing to make a new start. Many people came to America to escape war, poverty, famine, or religious persecution. Others came to seek their fortune in a land where "the streets were paved with gold" (a myth perpetuated in Europe by some steamship companies). These and other factors resulted in a large-scale exodus of people from around the world to the United States of America.

Chinese Exclusion Act of 1882. This act, which suspended immigration from China for sixty years, marked the first time that the United States closed its doors to any group. The act was heavily supported by people in California who resented the large number of Chinese immigrants working for low wages in their state.

The Gentlemen's Agreement of 1907. During the early 1900s, the flow of Japanese laborers into California was a sore point in U.S.-Japanese relations. Many workers in California claimed that the Japanese took jobs at low wages and petitioned the federal government to restrict Japanese immigration. At the same time, the Japanese government complained bitterly that Japanese children living in the United States were forced to attend separate schools. Finally, President Theodore Roosevelt negotiated an informal "Gentlemen's Agreement" with Japan. According to the agreement, we promised to desegregate California schools in return for Japan's promise to stop the influx of Japanese immigrants to California.

Quotas. During the first twenty years of this century, immigrants from southern and eastern Europe crowded into America's largest cities. Some people viewed the new immigrants as a threat to the rising standard of living because they

UPI/Bettmann Newsphotos

The promise of America—more than 4,000 new Americans take the oath of citizenship at a swearing-in ceremony in Los Angeles. The Immigration and Naturalization Service estimates that nearly 274,000 people were granted citizenship in 1987.

were willing to work long hours for little pay. In addition, the anti-communist mood that followed World War I made some Americans suspicious of anyone who seemed particularly "foreign." They believed that these new immigrants were racially inferior to people of northern and western European descent and therefore would be less able to learn English and *assimilate*, or blend into, American culture. As a result, many Americans resented the new immigrants and called for limits to further immigration.

The first immigration laws were designed to preserve the racial, religious, and ethnic composition of the United States. Immigration from Germany, Great Britain, and Ireland to the United States was encouraged because natives of these countries seemed more likely to assimilate. Immigration from eastern and southern Europe was discouraged.

Congress wrote the first quota law in 1921. Previous patterns of immigration determined the quotas. Annual immigration to the United States from any given country was limited to no more than 3 percent of the number of people from that country living in the United States when the 1910 census was taken. For example, if the census showed that 10,000 German immigrants were living in the United States in 1910, the 1921 quota would have been 300 Germans.

Congress tightened the restrictions in 1924. The new laws used the 1890 census instead of the 1910 census, and allowed only 2 percent of each national group into the country. Use of the earlier census figures sharply restricted the number of eastern and southern Europeans who could enter, since most came to the United States in large numbers after 1890.

The National Origins Act of 1929 changed the formula again. A response to prejudices of the time, this act sharply limited immigration by those of "less desirable" heritage. Of the annual quota of slightly more than 150,000 immigrants, 70 percent were to come from Germany, Great Britain, Ireland, and Scandinavia. The remaining 30 percent were limited to countries in southern and eastern Europe.

Citizenship Requirements

To become a citizen of the United States, one must be legally admitted into the United States for permanent residence and:

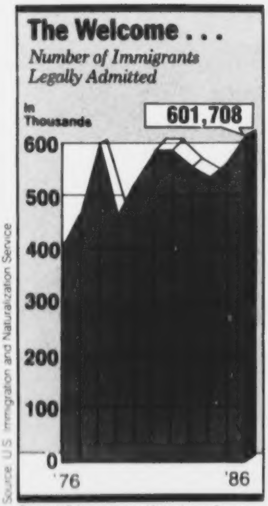
- **be over eighteen years old;**
- **have lived in the United States for five years;**
- **be of good moral character;**
- **be able to read, write, and speak English;**
- **demonstrate a knowledge of American history and government; and**
- **not belong to any organization that advocates the overthrow of the government by violence or the doctrines of communism.**

Displaced Persons Act of 1948. World War II left millions of people homeless. In his 1947 State of the Union address, President Harry Truman encouraged Congress to admit a larger number of immigrants. In 1948, Congress passed the Displaced Persons Act, which took in some of the homeless. However, the law was criticized by some because it hindered immigrants by requiring each to pass a security check and to have proof of employment and housing that would not displace U.S. citizens.

McCarran-Walter Act of 1952. The McCarran-Walter Act, which revised the 1929 National Origins Act, further tightened controls over aliens and immigrants by adding ideology to nationality as a criterion for admission to the United States. Passed as part of the "Red Scare" of the 1950s, the law sought to weed out people with even marginal communist backgrounds or sympathies. One of its most controversial provisions states that the Immigration and Naturalization Service (INS) must keep a listing (known as the *Lookout Book*) of any foreigners who "might endanger the welfare, safety, or security of the United States" because of their past or present political views or actions.

Over the years, the McCarran-Walter Act was used to prevent many writers, artists, and politicians from entering the United States. Among those denied entry were Nobel prize-winning author Gabriel Garcia Marquez of Mexico, South African poet Dennis Brutus, Colombian journalist Patricia Lara, and Pierre Trudeau, who later became prime minister of Canada.

Recently, Congress substantially revised the McCarran-Walter Act. New legislation now makes it illegal for the U.S. government to deny anyone entry into the country on the basis of beliefs, statements, or associations. Terrorists and others who threaten national security can still be excluded. Because the legislation was tied to a one-year authorization bill, the new law expires at the end of the 1988 fiscal year. However, Congress is working to make these changes permanent.

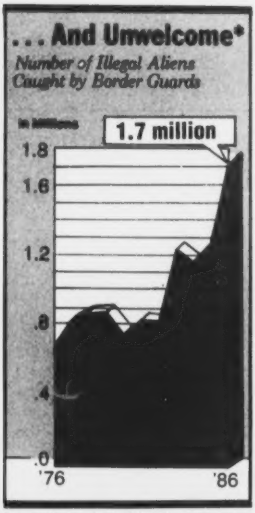


Source: U.S. Immigration and Naturalization Service

Every year the United States allows only 600,000 immigrants to enter the country legally. In 1987, more than 2 million people applied for an immigration visa to come to live in the United States.

1965 Immigration Act. This act represented a major reform of all previous immigration statutes. The act abolished the quotas that discriminated against nationalities, substituting an overall quota of 170,000 non-Western Hemisphere immigrants. It gave preference to applicants who had professional qualifications or special labor skills, were related to U.S. citizens, or had need for political asylum.

But the act *limited* immigration from countries in the Western Hemisphere for the first time to 120,000 annually and thereby created a serious illegal immigrant problem. Before 1965, thousands of jobs requiring cheap labor were filled by immigrants from Mexico and Central American countries who needed only to apply for temporary or permanent visas to be admitted legally. Latin Americans had been drawn to the United States for some time because of its booming economy and their countries' deep poverty. Since 1965, however, with limitations in place, most of these immigrants have been living and working in the United States illegally.



Source U.S. Immigration and Naturalization Service

The number of illegal aliens apprehended by U.S. border patrols has decreased dramatically since the passage of the Immigration Reform and Control Act of 1986. The Immigration and Naturalization Service estimates that illegal entries at the U.S.-Mexican border have declined by about 34 percent since the law went into effect.

Refugees. The Refugee Act of 1980 legally defined a refugee as someone who flees a country because of persecution "on account of race, religion, nationality, membership in a particular social group, or political opinion." The act authorizes the president, in consultation with Congress, to establish an annual ceiling on the number of refugees who may enter the United States. In 1988, that number was 72,500. The act also allows the president to admit, in an emergency, any group of refugees he chooses.

The Refugee Act of 1980 represented a major change in immigration policy. Before 1980, only a special act of Congress could admit groups of refugees. Most often, Congress admitted refugees fleeing communism. For example, Congress passed special laws to admit more than 445,000 Cubans who fled their country after Fidel Castro took power in 1959, and 565,000 Indochinese refugees who fled South Vietnam after it came under communist control in 1976.

In December 1987, Congress passed legislation giving special status to Amerasian children (children fathered by American military personnel serving in Southeast Asia) and political prisoners fleeing Vietnam.

Illegal Aliens. For many of the world's people, the United States symbolizes freedom and opportunity. To the people of Latin America, the United States has been a haven from poverty and civil war. Immigration quotas allow some Latin Americans to enter the United States legally, but many more come illegally. Authorities estimate that more than 1 million illegal immigrants enter the country every year. Many work in low-paying, unskilled jobs such as weeding and harvesting crops or busing tables in restaurants.

Some people say that the United States exploits illegal aliens. Because they have no legal status, they are often paid salaries below the minimum wage. For years, illegal immigrants have been afraid to complain about low wages or harsh working conditions because they feared they would be fired or reported to immigration officials. But even working below minimum wage, illegal aliens have often prospered here, earning much more than they could in El Salvador, Haiti, or Mexico where incomes average from $300 to $2,250 per year.

Immigration Reform and Control Act of 1986. In November 1986—after five years of debate in Congress—President Ronald Reagan signed into law the most sweeping immigration reform legislation of the past twenty years. The Immigration Reform and Control Act of 1986 is designed to stop the flow of illegal immigration into the United States from Latin America by imposing sanctions against employers who hire illegal aliens. At the same time, the law gives illegal aliens who have been living in the United States since 1982 the opportunity to become legal citizens.

Employer Sanctions. Under the law, any employer who knowingly hires illegal aliens will be punished. Employers can be fined from $250 to as much $10,000 for *each* illegal alien found working for them. Repeat offenders are subject to higher fines and possible imprisonment. Many lawmakers believe that the sanctions deter employers from hiring illegal aliens and thereby decrease the number of illegal immigrants seeking job opportunities in the United States.

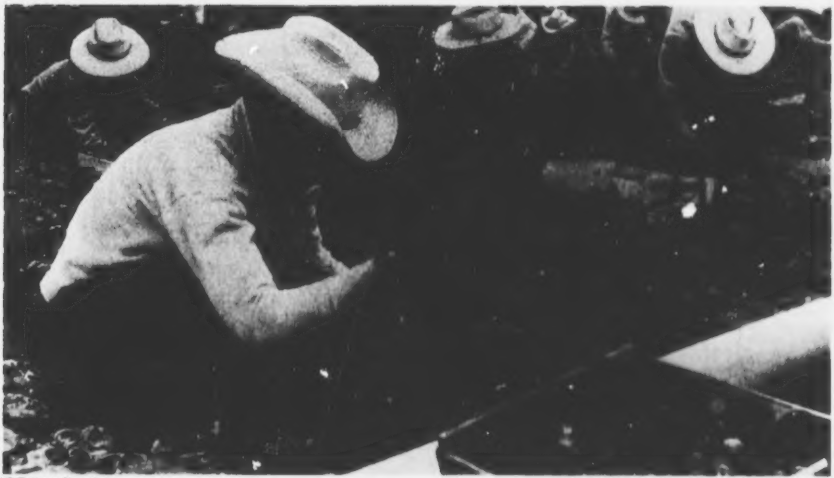
Amnesty for Illegal Aliens. For one year after the law went into effect, the government granted *amnesty* to illegal aliens who could prove they arrived in the United States before January 1, 1982, and have lived here continuously ever since. Illegal aliens could seek "temporary resident" status from the government by submitting an application form with documented proof that they have been living in the United States during the period indicated by the law. Once granted amnesty, illegal aliens could then become "permanent residents" by showing a minimal understanding of the English language and some knowledge of U.S. history and government. In five years, they are eligible for full citizenship.

Despite the opportunity for many illegal aliens to gain full U.S. citizenship, there were problems with implementing the amnesty program. When the program began, the Immigration and Naturalization Service predicted that between 2 million and 4 million illegal aliens would apply for amnesty. However, only about 1.6 million applications were filed during the one-year amnesty period. One reason for the low turnout was that many illegal aliens could not provide the documents necessary to prove that they were in the country prior to January 1982. Since most people living in the United States illegally go to great lengths to conceal themselves from the law, proving eligibility for amnesty with rent receipts, social security cards, income tax forms, or letters verifying their employment was extremely difficult. In addition, many illegal aliens distrust the U.S. government. Illegal immigrants, who spent years avoiding the INS, were hesitant to come forward and trust these same officials. In light of these problems, many supporters of amnesty urged a one-year extension to enable more qualified people to apply for amnesty.

Current Issues

Sanctions Against Employers Who Hire Illegal Aliens. Many civil rights groups strongly oppose the Immigration Reform and Control Act's provision that allows the government to fine employers who hire illegal immigrants. Civil rights advocates fear that employers are discriminating against anyone who "looks foreign" by not hiring minorities. Employers themselves also oppose the sanctions. They feel that the law is asking the business community to do the government's job. In addition, employers fear that they will be fined for inadvertently hiring an illegal worker.

However, proponents of employer sanctions claim that the sanctions are necessary. They say that most illegal immigrants come to the United States because they know there is work for them when they cross the border. Employers who are fined for hiring illegal immigrants will stop hiring



UPI/Bettmann Newsphotos

Historically, many immigrants have worked at low-paying jobs. Policymakers say that the 1986 immigration law now gives immigrants the opportunity to join unions and ask employers for higher wages and better working conditions.

them. Those who favor employer sanctions point out that with fewer jobs, the flood of illegal immigration has slowed. In 1987, immigration officials reported a 34 percent decline in the number of illegal immigrants arrested along the U.S.-Mexican border—the principal place of entry for illegal workers from Latin America.

Economic Refugees. Every year thousands of people from around the world seek admission to the United States as refugees. The Immigration and Naturalization Service has ruled that, according to the 1980 Refugee Act, the majority of these immigrants are in fact not refugees and therefore are not eligible for admission into this country. The Refugee Act defines a refugee as someone who is fleeing political or religious persecution, not economic conditions. The government fears that if the United States were to admit economic refugees, the country would soon be overwhelmed by the world's poor. Such a surge of people would be unable to find jobs and would drain public assistance funds quickly. The new immigration law does not address this problem.

Critics of the INS believe that the United States should broaden its definition of "refugee" to include those trying to escape severe poverty.

Those who favor a broader definition argue that many of the people who immigrated to the United States a century ago were economic refugees. They say that it is unfair to grant refugee status to people who fear their lives are in danger because of their political views and then to deny admission to people whose lives are in danger because of severe poverty.

Sanctuary Movement. Providing *sanctuary*, or protection, to someone in need is a practice as old as the Bible. Today, many churches nationwide defy federal authority and publicly harbor immigrants from war-torn Central America. The churches claim that some immigrants—especially those from El Salvador and Guatemala—are forced to leave because their political views put their lives, and the lives of their families, in danger. They say that these immigrants should be considered legal refugees under the terms of the 1980 Refugee Act and should be allowed to enter the country legally. (The new immigration law does not give amnesty to anyone who illegally entered the country after 1982.)

The U.S. government says that citizens who provide sanctuary to illegal immigrants are breaking the law and are subject to arrest. The government claims that most immigrants from Central America come to this country to escape poor economic conditions and therefore are illegal aliens, not refugees. In an effort to crack down on the sanctuary movement, the Justice Department has prosecuted some church workers for harboring illegal immigrants.

Should the United States Restrict Further Immigration? Many people say that the United States should try to restrict further immigration into this country for economic reasons. But critics of tightening restrictions claim that economic arguments sometimes hide an underlying racism among some Americans. Some of the issues surrounding this debate concern the protection of American jobs and American culture.

United States Coast Guard

A Haitian refugee boat is boarded by the U.S. Coast Guard. Many immigrants from nations in the Caribbean Basin and Central America have risked their lives in small, overcrowded boats on the open seas for the chance to live in the United States.

Do Immigrants Take Jobs Away From U.S. Citizens? Those who support restricting immigration maintain that the United States cannot absorb more immigrants. Advocates of restrictions believe that newcomers take jobs away from Americans because they increase the overall labor pool and are willing to work for lower wages than are native-born Americans. Critics of this view argue that immigrants are important because they are willing to take jobs, such as janitorial work, that many native-born Americans sometimes turn down. Moreover, critics say, today's immigrants are like the immigrants who arrived at the turn of the century: They come here with the will to succeed and usually do.

Should Immigrants Be Required to Speak English? Some people argue that restrictions on immigration are necessary to maintain America's national identity. The great increase in arrivals from Latin America and Asia, has brought dramatic changes to certain regions. For example, Spanish has become a major language in the Southwest and in Miami, Florida. It is spoken on the streets and in public schools, and is broadcast over Spanish-language television stations, displayed on billboards, and required on election ballots.

U.S. Population Trends

The population mix of the United States is constantly changing, but if current immigration and birth patterns hold, the Population Reference Bureau predicts dramatic changes by the year 2080.

Population distribution by race:

	1980	2080
White	**79.9%**	**49.9%**
Black	**11.7**	**14.7**
Hispanic	**6.4**	**23.4**
Asian, and others	**2.0**	**12.0**

Some people resent the prevalence of Spanish-speaking persons in their communities. They believe that English is the language of the United States, and therefore immigrants should learn it and use it. Eight states recently passed laws declaring English their official language and more than a dozen others are considering similar proposals. Many experts believe that the laws will be used to outlaw bilingual education, bilingual ballots, and other services offered in both English and Spanish.

But many people consider these arguments to be racist. They point out that most immigrants want to learn English because it is the only sure way a person can "get ahead" in the United States. They say that the United States should help newcomers by investing more time and energy in English language classes.

Outlook

A new era in U.S. immigration history began with the passage of the Immigration Reform and Control Act of 1986. The law slowed the tide of illegal immigration into the United States. More than 1 million people were granted amnesty and a chance for a new life. But problems surrounding immigration to the United States continue. Some policymakers are asking Congress to extend amnesty privileges to illegal immigrants who lived in the United States before 1982. Congress will continue to debate whether to admit people from other countries who seek political refuge and economic improvement. Congress is also expected to consider legislation on immigration quotas, the visa system, and revision of the McCarran-Walter Act in future sessions.

The Debate Immigration

Should the Government Punish Employers Who Hire Illegal Aliens?

PRO

Punishing employers who hire illegal aliens is the only way to stop illegal immigrants from coming to the United States. Illegal immigrants come to this country because they know there are jobs for them. Employers who know that they will be punished for hiring illegal aliens will probably not do so. Since fewer jobs will be available to illegal immigrants they will stop coming to the United States.

CON

Punishing employers who hire illegal aliens hurts many minorities in the United States, especially Hispanics, and increases racial discrimination in the United States. Employers are afraid to hire any "foreign-looking" or "foreign-sounding" people—even those who are legal citizens—for fear they might be living in this country illegally.

Should Economic Refugees Be Admitted?

PRO

We assign refugee status to people who might be imprisoned in their own countries for the things they believe or say. Yet we deny refugee status to people who are suffering from severe poverty. Our nation has always offered people the opportunity to help themselves. How can we stop now?

CON

If the United States were to open its doors to economic refugees, we soon would be flooded by the world's poor seeking admission. The United States has neither the resources nor the jobs to provide for these people. The result would be merely to import more poverty.

Should All Immigrants Be Required to Speak English?

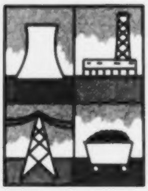
PRO

English is the language of the United States; therefore immigrants should learn it and use it. To be successful in the United States, a person must know the English language. If immigrants do not understand English they will be unable to find a job or get an education. The nation needs a common language to unify its people.

CON

Attempts to require that all immigrants speak English are racist. The addition of people from different cultures has enriched our nation over the years. Besides, most immigrants want to learn English but cannot because not enough time, money, and energy have been invested in teaching immigrants English.

Energy



The United States literally runs on energy. For many years, Americans took their energy supply for granted. Oil—the major energy resource—was plentiful and cheap. By the 1960s, energy consumption in the United States grew to one-third the total energy consumed worldwide.

However, two severe energy crises in the 1970s nearly crippled the nation. The economy slowed, many businesses closed, and thousands of people lost their jobs. Americans realized they could no longer take cheap energy for granted.

To make the United States more energy-efficient and less dependent on energy imports, the government mobilized an all-out effort to resolve the energy crisis. Price control regulations, conservation programs, and tax incentives resulted in energy-efficient cars, reduced speed limits, and better-insulated homes. Domestic energy resources were also developed.

By 1987, increased production throughout the world, combined with decreased consumption, created a worldwide surplus of oil. However, a new study by the U.S. Geological Survey indicates that domestic resources are more limited than previously believed. According to the Survey, there is only enough untapped domestic petroleum to last eleven more years, and enough natural gas to last fourteen years. Will the United States face another energy crisis in the next decade? Some experts say that the lack of a government energy policy may make the United States vulnerable to another energy crisis. They believe that we must expand our use of alternative energy sources, such as synthetic fuels, wind, sun, and water.

Key Questions

- Should the government or the free market dictate energy policy for the United States?
- Should the United States increase its use of coal?
- Should we build more nuclear power plants?

Background

Energy Sources

Energy Means Growth. The United States literally runs on energy. Much of that energy is used to produce economic growth and income. Energy is needed to power machines, operate communications, and transport people and materials. Plentiful energy also makes the quality of life more comfortable for everyone. The United States has the world's largest consumer economy and is also one of the greatest consumers of energy. Although the United States has only 6 percent of the world's population, Americans consume more than 30 percent of the energy used worldwide every year.

Energy Supplies in the Nineteenth Century. Large supplies of inexpensive domestic energy resources helped spur American economic growth throughout its history. Until the twentieth century, the major sources of energy were *renewable*. Wood was a primary source of heating fuel, river currents powered New England textile factories, and the wind turned windmills to pump water on Midwest farms. After 1900, the demand for energy increased, and Americans began to rely upon *fossil fuels*—oil, coal, and natural gas—as their main sources of energy. Coal soon surpassed wood as the nation's primary energy source.

Oil Becomes King. After World War II, American lifestyles changed as did our energy needs. Urban sprawl, big homes, and America's growing love affair with the automobile made oil the number one source of energy in the United States by 1950. Oil was cheap and plentiful, and the supply seemed endless. As our energy needs increased even more in the 1960s and 1970s, the United States began to import more oil. By 1973, oil provided nearly half of the energy consumed in the United States, and 36 percent of it was imported.

Environmental Protection Agency

America's love affair with large, "gas-guzzling" automobiles is often cited as a major cause of the rapid consumption of oil products during the 1960s and early 1970s. After the Arab Oil Embargo in 1973, gas prices soared and many Americans began to purchase smaller, more fuel-efficient cars.

The Arab Oil Embargo. In an effort to increase the price of oil on the world market, thirteen nations joined together in 1960 to form the Organization of Petroleum Exporting Countries (OPEC). OPEC members controlled more than half of the world's oil reserves. In 1973, OPEC's Arab members cut off oil shipments to the United States and the Netherlands because the two nations had supported Israel in the war that year between Israel and its Arab neighbors, Syria and Egypt. At the same time, the Arab oil exporters drastically cut their total production and unilaterally announced sharp increases in the price of oil. From October to December 1973, the price of oil rose from $3 to more than $11 a barrel. The Arab Oil Embargo created tremendous shortages around the world and was the leading cause of the 1974-75 economic recession.

Alternative Energy Sources. OPEC announced the end of the embargo in March 1974, but the impact it had on American energy consumption was dramatic. Nearly two generations of Americans had built an entire lifestyle around the availability of cheap oil. Now alternatives to oil had to be developed.

Nuclear Energy. During the 1950s and 1960s, nuclear energy was promoted as the energy source of the future. Although nuclear energy was never expected to fuel automobiles or trucks, it was expected to generate 25 percent of the nation's electricity by the 1980s and perhaps 50 percent by the end of the century. However, nuclear energy is unlikely to meet the expectations once imagined. The high costs of building reactors, the unresolved problem of disposing of highly radioactive nuclear waste, and public opposition to nuclear power have caused utility companies to cut back on developing nuclear energy as a power source.

Coal. Many experts believe that our energy needs can be met by returning to our former major energy source, coal. They point out that coal reserves are plentiful in the United States and can provide enough electric power for more than 200 years. However, coal does have drawbacks. Coal is a major source of air pollution and acid rain. Also, coal stripmining destroys thousands of acres of land every year. The Department of the Interior's Office of Surface Mining estimates that more than 6,000 strip mines nationwide have left the land scarred and barren.

Synthetic Fuels. Synthetic fuels are oil or gas substitutes made from coal or oil shale and processed into liquid or gaseous form. During the 1970s, many experts saw synthetic fuels as the solution to the energy crisis. As research increased in the field, however, they discovered that synthetic fuels have three serious problems. First, synthetic fuels are expensive to produce—as much as $60 per barrel. Second, producing synthetic fuels requires large amounts of water, which is scarce in the western United States where most of the coal and oil shale are located. Third, producing synthetic fuels could create severe environmental problems. Much of the waste of synthetic fuel production from coal and shale oil is highly toxic. Unless some method can be discovered to detoxify the waste, burying it would poison the earth and nearby water sources.

Renewable Energy Sources. Renewable—or inexhaustible—energy sources include wind, water, and solar power. These alternative sources of energy are nonpolluting, and the supplies will never run out. During the energy crisis of the late

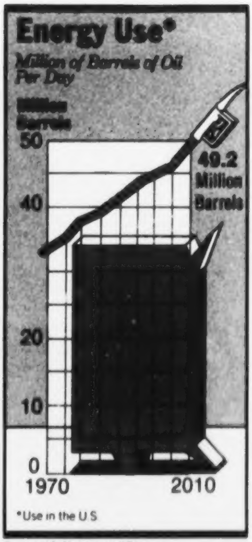
Department of Energy

Large, modern windmills, such as this space-age wind turbine in Washington state, were constructed in many western states as alternative energy sources to oil in the 1970s.

1970s, many homeowners installed solar-powered water heaters, and some local utilities in California and other western states used windmills to produce small amounts of electricity. However, the cost of installing large solar or wind energy systems is still high and thus impractical for large industries and communities.

American Energy Policy

Wasteful Consumption. In the 1950s and 1960s, the price of oil and gas was low and its supply was high. Energy consumption increased rapidly. U.S. energy policy could be summed up in one sentence: use as much as you want, pay as little as possible.



Source: U.S. Department of Energy

The U.S. Department of Energy predicts that Americans will continue to increase their use of energy into the twenty-first century. By the year 2010, the United States will consume the equivalent of nearly 50 million barrels of oil a day.

Nixon's Energy Policies. The Arab Oil Embargo forced Americans to realize how much they depended on foreign oil suppliers. President Richard Nixon proposed an energy policy that would make the United States self-sufficient. Conservation and development of American energy sources became the primary goals. Alaskan oil was critical to President Nixon's energy plans, which included developing Alaskan oil fields and constructing an oil pipeline across the state. Conservation programs included reducing the speed limit on highways from 70 to 55 miles per hour, year-round daylight savings time (later repealed by Congress), and new laws to make American cars more energy-efficient.

A Return to Wasteful Habits. After the Arab Oil Embargo, OPEC continued to keep prices high by limiting production. However, the price increases were not nearly as steep, and the introduction of Alaskan oil and oil from the North Sea provided alternative sources to expensive OPEC oil. Consumers in industrialized countries began returning to their old energy consumption habits. Total U.S. energy consumption grew almost 11 percent between 1975 and 1978.

Carter's Energy Policies. In April 1977, President Jimmy Carter proposed an energy plan to cut U.S. demand for oil. His program included establishing the Department of Energy, curtailing price controls on natural gas, and strengthening conservation efforts. In 1979, world oil supplies fell, and oil prices doubled again after a revolution in Iran, then a major supplier of oil. Following this second energy crisis, Congress passed several of President Carter's measures to reduce oil consumption and to bring America closer to energy independence.

Phased Decontrol of Oil Prices. The idea behind price decontrol was that domestic oil prices—which had been under price control regulations since 1971—needed to rise to the world market level to encourage oil development at home and foster conservation among consumers.

As a result of decontrol, the oil industry drilled more wells in the United States than ever before, using advanced technology to reach trapped oil and reopen old wells. Since then, a surplus of oil and a worldwide recession have slowed oil exploration.

Windfall Profits Tax. Fearing that price decontrol would bring windfall profits to oil companies, President Carter proposed a stiff tax on 60 percent of domestic oil company revenues resulting from decontrol.

Synthetic Fuels Corporation. Since dependence on imported oil had threatened U.S. security during the 1970s, Congress created the Synthetic Fuels Corporation. This public corporation, funded by the federal government, was created to help finance the research and development of synthetic fuels made from U.S. resources. Since its creation, however, the corporation has lent very little money for synthetic fuels development because it has not considered many proposed development projects to be feasible.

Solar and Conservation Bank. Congress created the Solar and Conservation Bank to encourage the use of energy-saving and solar technologies. The federally run bank provided loans and subsidies for home improvements that conserved energy or used solar energy.

Department of Energy

Although solar power is renewable and nonpolluting, it is very expensive to produce on a large scale. This solar power plant—one of the largest in the country—supplies electricity to Phoenix International Airport.

The Oil Glut. In 1980, oil prices peaked at $39 a barrel. Since then, prices have declined steadily to a 1987 year-end price of $20. The price decline is due partly to a surplus of oil—a "glut"—on the market relative to the demand. Increased production by non-OPEC countries, such as Mexico, have supplemented world supplies of oil. Prices declined further because some of the small OPEC nations, such as Nigeria and Indonesia, have had to keep their export sales up to pay for their economic development. As a result, they have been undercutting the official OPEC price to increase their own sales of oil. In addition, industrialized countries have reduced their need for oil by improving energy conservation programs and by substituting other energy sources.

Reagan's Energy Policies. President Ronald Reagan entered office in 1981 with a different energy philosophy than his predecessor, Jimmy Carter. President Reagan claimed that efforts to regulate energy production had hurt rather than helped the energy crisis. He agreed with Carter that the domestic production of more energy should be the goal of the United States. And he agreed that oil and gas prices should be deregulated. However, Reagan said that the best way to produce more energy was for the government to stay out of the energy business and let the marketplace decide what energy resources it wants and when to develop new energy technologies, such as solar energy and synthetic fuels. As part of this policy, President Reagan asked Congress to break up the Department of Energy, transfer its duties to other agencies, and speed the planned deregulation of all energy resources, particularly natural gas. Congress did not agree to all of these proposals. Although President Reagan generally favored reducing government involvement in energy policy, he viewed nuclear energy as an exception to that policy. His administration promoted nuclear energy actively by budgeting more money for government-subsidized nuclear power research.

How Much Oil Is in a Barrel?

Crude oil (oil not refined or processed) is measured in barrels. One barrel of crude oil is equal to 42 gallons. In 1987, the United States *imported* 6.5 million barrels of oil, or 273 million gallons, every day. For the same year, the U.S. oil industry *produced* 8.29 million barrels of oil, or 348 million gallons, every day.

Current Issues

Should the Government Be Involved in the Energy Business? Since the first energy crisis in 1973, many Americans have debated the proper role for the government in energy. Both Presidents Nixon and Carter enlarged the role of government in regulating the prices, distribution, and overall supply of energy and in making plans to guard the country against future energy crises. On the other hand, President Reagan believed that reducing the government's role in energy policy actually protected the United States from an energy crisis.

Those who support reducing the federal role in the energy business argue that the price and supply of energy should be determined solely by market conditions. If a source of energy is in short supply, then it will have a high price, which in turn will encourage increased development of that energy source or the sale of less expensive alternatives. Supporters of the free market say that the current oil glut proves the effectiveness of the private market system. When government allocation and price controls were lifted, the market—through supply and demand—established the price for oil and gasoline. When the price became too high, Americans began buying smaller, more fuel-efficient cars and insulating their homes to conserve energy. When demand went down, so did the price, giving us the lower prices we have today. In addition, free market advocates believe that when the day comes that oil is truly in short supply and very expensive, its high price should then make it more worthwhile for businesses to develop energy alternatives such as synthetic fuels or solar energy.

Supporters of government action note that the free market is rarely "free." For example, the American energy crisis of the 1970s was a result of outside political actions over which market conditions had no control. In that case, oil-exporting countries were able to manipulate the market to get the prices they wanted. Government regulation helped overcome the energy crisis by reducing demand faster than market forces could. The government did this through tax incentives that encouraged home insulation before the prices peaked and through regulations that required improved gas mileage in cars. Advocates of government regulation believe that the government should regulate energy consumption to prevent wastefulness so that another energy crisis will not catch the nation off guard. Furthermore, by developing energy alternatives now, the government can ensure that the country has other energy sources to fall back on when oil supplies run out, thus preventing economic chaos.

Coal. The country already has begun to use more coal as an oil substitute, especially in electricity production. But increasing coal usage has serious drawbacks. First, the burning of coal is viewed increasingly as one of the leading causes of acid rain. Acid rain has been blamed as a major contributor to the death and disease of trees; the acidification of lakes, which kills fish; the accelerated corrosion of bridges and buildings; and the destruction of outdoor art treasures (especially in Europe). Other drawbacks include the health and safety hazards to coal miners working underground, the environmental damage from strip mines, and the difficulty of transporting coal.

Supporters of coal usage say that it is too valuable an energy source to ignore. Its cost is one-third that of oil and less than half the price of natural gas. Furthermore, recent environmental and mine safety laws have helped reduce some of the dangers associated with its use. Because of the 1970 Clean Air Act, proponents contend that sulfur pollutants have declined 25 percent overall in the last decade, despite a 50 percent increase in coal consumption and are expected to decline further as old coal-fired power plants are retired during the next thirty years. Federal laws have also led to the restoration of mountainsides that had been strip-mined and have reduced coal mining deaths by two-thirds.

The Shape of Things to Come?

A 1987 study by the Department of Energy reported that by 1995, nearly 50 percent of all the oil consumed in the United States will come from the Middle East or other OPEC nations. The study warned that wars or revolutions in the Middle East, coupled with OPEC pricing practices, might lead to higher oil prices. Higher oil prices could produce another energy crisis similar to the one experienced in the 1970s.

Sacramento Municipal Utility District

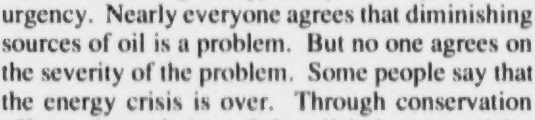
Many people saw nuclear power plants—such as this one near Sacramento, California—as the answer to America's energy needs. However, public concern over the possibility of deadly accidents has caused many power companies to cut back on the construction of nuclear plants.

Nuclear Energy. Most energy experts predict that by the 1990s the United States will not have enough electricity to meet the demand. In newspaper and magazine ads, the nuclear power industry urged that additional nuclear reactors be built immediately. However, opposition to nuclear energy is strong. Most of the opposition has focused on the safety of reactors and the problem of safe disposal of nuclear waste. Critics of nuclear energy fear that a serious accident—for example, a meltdown of the fuel rods, a rupture of the reactor vessel, and the release of radioactive gases into the air—possibly could kill thousands of people and damage the surrounding area for hundreds of years. The nuclear industry argues that the chances of such an accident occurring are less than 1 in 10 million, requiring the failure of every automatic safety device. But critics say that the odds are not so great. Although reactors are equipped with numerous safety devices and backup systems, critics charge that these devices are not designed to handle simultaneous failures in the system. They point to the Chernobyl nuclear power plant in the Soviet Union as evidence of the risks inherent in nuclear technology.

Despite the concerns of antinuclear groups, nuclear officials stand on the industry's record. They note that the industry has a combined total of 550 plant-years of operating experience, and during that time not one person has ever died from a nuclear accident in a nuclear power plant, not even at Three Mile Island. They say that a nuclear accident such as the one that happened at Chernobyl could not happen here. Nuclear power officials also argue that other energy sources are more injurious than nuclear power. For example, many people die or are injured each year in coal mining accidents and oil tank explosions. In addition, air pollution, caused by the burning of fossil fuels, is especially dangerous to many older people and people with lung diseases.

Is There an Energy Crisis? Perhaps the biggest issue surrounding energy today is the question of urgency. Nearly everyone agrees that diminishing sources of oil is a problem. But no one agrees on the severity of the problem. Some people say that the energy crisis is over. Through conservation efforts, deregulation of the oil industry, and increased production of domestic oil and gas, America is now energy-efficient. The crisis has passed because the American public is more aware of the need to save energy.

Critics of this view say that falling oil prices and the oil glut have lulled Americans into a false sense of security. Oil reserves are still limited and could run out within fifty years. To prepare for this, these critics claim the government should continue to regulate the energy industry and ensure that alternative energy sources are developed.



The Arab Oil Embargo of 1973 had a tremendous impact on life in the United States. People had to wait hours in line to buy gas, and many parts of the country experienced severe shortages.

Library of Congress

Outlook

Recent actions by several federal agencies suggest that the government is reducing its involvement in the energy industry. The Department of Transportation reduced fuel efficiency standards for American-made cars to allow auto manufacturers more time to meet the standards established in 1975. The Department of Energy denied funding for the last major synthetic fuels project in the nation. And Congress revoked federal tax credits for homeowners who install energy-saving products, such as solar-powered water heaters and heavier insulation in their homes. Many people agree with these actions, viewing them as both cost-effective for the government and proper according to the rules of free market enterprise. Others disagree, claiming that these are dangerous signs that we could be entering into another crisis situation. Only time will tell which of these views is right.

The Debate

Energy

Should the Government or the Free Market Dictate Energy Policy for the United States?

PRO

The prospect of future energy shortages requires government action. The government can start now, before another energy crisis, to work on future alternatives. It can plan ahead so that all segments of the economy—including the poor—receive their fair share. Regulation can prevent energy businesses from creating artificial energy shortages and profiting unfairly from real energy crises. Also, during temporary energy surpluses, the government can ensure that the country continues to conserve the world's limited energy reserves. The country has already benefited from laws requiring better gas mileage in cars and from encouraging energy-saving investments.

CON

Government regulation of energy is a cause of our energy problems, not a solution. When the government regulated the price of oil, oil companies lacked the incentive to drill for oil in the United States and instead increased the country's dependence on foreign imports of oil. Now that price controls have been removed, the free market has responded by providing as much oil as the country needs, causing the price of energy to decline. When supplies of oil eventually dwindle, the free market will promote development of alternative energy sources to fill the gap.

Should the United States Increase Its Use of Coal?

PRO

The advantages of coal far outweigh its disadvantages. First, the United States has a huge reserve of coal; it will be 300 years before we run out. Second, coal is cheap, costing only one-third as much as oil and less than half the cost of natural gas. Uncontrolled, coal may have an adverse environmental impact, but government regulations will reduce the threat. Already those regulations have succeeded in lowering the overall amount of air pollution from coal despite a 50 percent increase in its use.

CON

When coal producers talk about the low price of coal, they forget to mention the high cost of acid rain on the environment and public buildings or the costs of greater pollution to human health. Coal is just one alternative to oil. We should look to solar and nuclear power to help supply energy, and we should continue to conserve as much energy as we can. We should not jump to use more coal without completely examining the full costs involved.

Should We Build More Nuclear Power Plants?

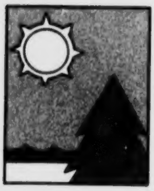
PRO

The country could find itself short of electricity in just ten years. Nuclear power plants can fill that demand best. Nuclear energy is safe. It does not pollute the air, and no one has ever been killed in a nuclear accident in the United States. While nuclear waste is dangerous, it poses little threat to the public when buried in leakproof containers thousands of feet underground. The United States runs on energy. It is foolish to ignore the potential of nuclear power.

CON

The problems with nuclear power are simply stated. First, nuclear reactors are expensive to build and have been plagued with cost overruns. Second, nuclear reactors are very complicated; a combination of breakdowns could occur and overwhelm a reactor's safety features. And third, nuclear waste could pose a serious hazard even in transportation to burial sites, not to mention the possible danger of nuclear wastes leaking into the groundwater as toxic wastes have. Is that a risk we can afford?

Environment



At one point in our nation's history, pollution was viewed as a sign of progress. Thick black smoke rising from a factory smokestack symbolized jobs and prosperity for a community. People accepted foul-smelling air or a polluted river as the price they paid for economic growth.

In time, that view changed. No longer a symbol of success, pollution became a threat and a burden. Cities had to build expensive water treatment plants to make the water drinkable. Businesses lost money when air pollution alerts forced employees with breathing problems to stay home. People found that pollution-related illnesses could result in expensive hospital and insurance bills. Moreover, there were aesthetic concerns. Few found beauty in oil-slicked beaches, smog-blanketed skylines, or mountaintops scarred by strip mining.

During the 1970s, Congress passed a variety of laws to control pollution. This legislation helped revive once-dead rivers, improve overall air quality, and save some species of animals from extinction. But many serious problems, such as acid rain and toxic wastes, remain.

Few people question the importance of protecting the environment. But the cost now runs into billions of dollars. Many people wonder how much protection we can afford before environmental regulations constrain economic growth and development, which are the very cause of the problems we are now struggling to conquer. Balancing these concerns with the desire for a clean, healthy environment is a primary goal of the nation's policymakers.

Key Questions

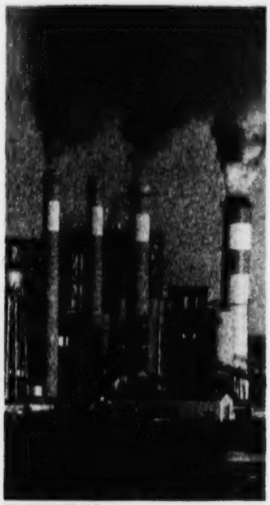
- Should economic considerations take priority over environmental issues?
- Should the United States act to reduce acid rain?
- Should polluters pay the cost of environmental cleanup?

Background

Dangers to the Environment

Air Pollution. The air we breathe contains many pollutants, including soot, particles of ash from burning coal, and lead from gasoline. Even at low levels, dust, soot, and ash can cause acute breathing problems for sufferers of chronic bronchitis and asthma. Less visible, but more dangerous, are the gases of sulfur dioxide, hydrocarbons, carbon monoxide, and carbon dioxide. Too much carbon monoxide—emitted by cars—causes dizziness and nausea, impairs judgment, and places stress on the heart. Carbon dioxide is not immediately dangerous, but it poses a long-term threat. During the last 100 years, the level of carbon dioxide in the atmosphere has risen dramatically, causing a "greenhouse effect." The carbon dioxide traps the sun's heat, raising the earth's temperature.

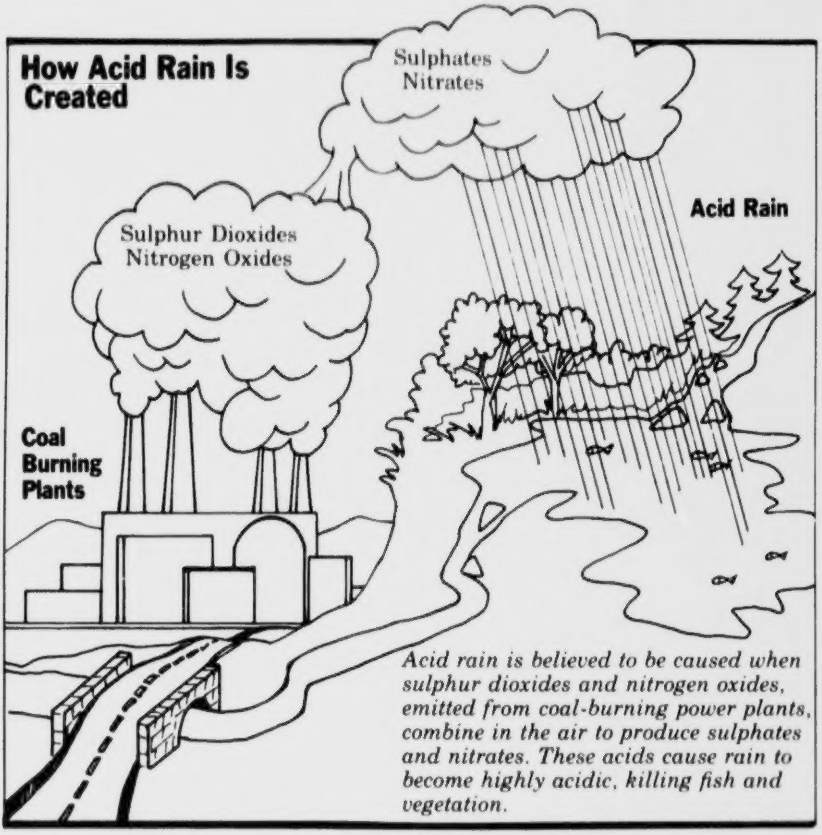
The greenhouse effect could lead to serious environmental problems. According to scientists at the National Aeronautics and Space Administration (NASA), temperatures just a few degrees higher than normal would melt the polar ice caps and flood coastal areas, turn productive farmland into desert, and alter weather patterns around the world. A report by the Environmental Protection Agency (EPA) states that world temperatures could increase 3.6 degrees Fahrenheit by the year 2040 and 9 degrees by the year 2100. The EPA report says that the greenhouse effect is irreversible.



EPA DOCUMERICA/Boyd Norton

The air we breathe contains many pollutants—including soot, particles of ash from burning coal, lead from gasoline, and gases such as sulfur dioxide, hydrocarbons, and carbon monoxide. Since the early 1970s, Congress has passed a series of laws to reduce air pollution.

Acid Rain. The effects of air pollution are apparent in another form in the northeastern region of the United States and in Canada. In these areas, rainfall has become unusually acidic. Although the causes of "acid rain" are in dispute, most scientists believe that acid rain is the result of sulfur dioxide and nitrogen oxide (released by coal-burning power plants and factories and by automobiles) being transformed into sulfate and



How Acid Rain Is Created

Acid rain is believed to be caused when sulphur dioxides and nitrogen oxides, emitted from coal-burning power plants, combine in the air to produce sulphates and nitrates. These acids cause rain to become highly acidic, killing fish and vegetation.

nitrate. When combined with moisture in the air, sulfates and nitrates become acids and come down as acid rain. Acid rain increases the acidity of soil, streams, and lakes, making them less habitable for plants and animals. In Europe, where coal burning has long been a major source of energy, large forests have begun to wither, and hundreds of lakes in Scandinavia have become so acidic that they no longer support fish. Acid rain also damages buildings and bridges, forcing governments and private owners to accelerate plans for renovation or replacement of many of these structures.

Acid rain has become an international issue. Emissions of sulfur from coal-burning plants in one country can travel across international borders, causing acid rain problems in other countries. For example, Canada has protested to the U.S. government that a large share of its acid rain problem results from pollution produced in the United States. This issue has strained normally warm relations between the United States and Canada.

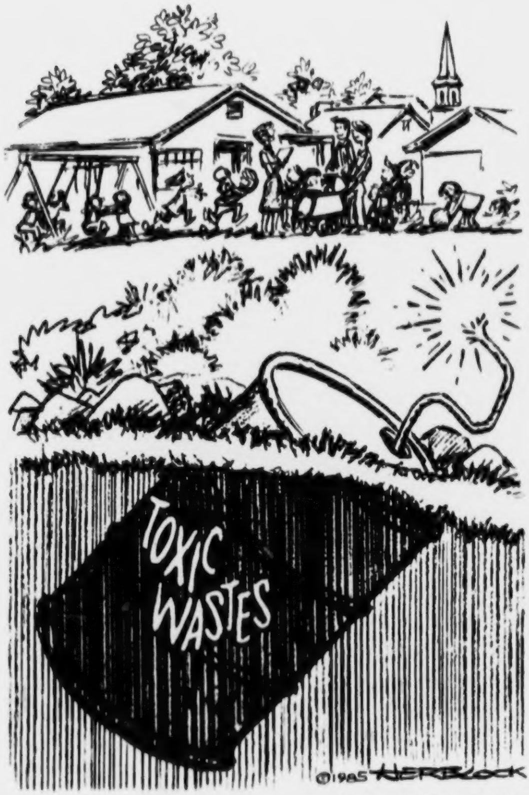
Water Pollution. The two major water pollutants are organic waste and chemical waste. Organic waste removes oxygen from the water, suffocating fish and producing bacteria that release noxious gases. Chemical waste—such as pesticides, acid residues, dyes, and some chemicals from factories—kills marine life outright.

During the 1960s, water pollution in the United States was severe. Industrial pollution accounted for some of the problem. Arsenic was found in the Kansas River. Mercury pollution halted fishing along the shores of Lake St. Clair on the Canadian border. Industrial pollution killed millions of fish in Lake Superior, and fishing and swimming were banned in Lake Erie. Organic waste also contributed to water pollution. As recently as 1970, nearly 60 million Americans were not being served by a sewer system. In many cases, raw human sewage was being dumped untreated into lakes and streams.

Nuclear Waste. Many nuclear materials are highly toxic and take thousands of years to lose their radioactivity. The problem nuclear waste poses is how to safely dispose of it. If liquid nuclear waste is buried in cans, the cans might someday leak radioactive material into the soil and water table. Burial at sea presents a similar problem. Although disposal technology is excellent and no one has yet been injured because of nuclear waste, no one can guarantee that nuclear waste will never pollute our environment. Today, more than 77 million gallons of highly radioactive liquid nuclear waste from weapons production remain in temporary storage awaiting the establishment of permanent nuclear waste depositories. In addition, radioactive fuel from nuclear power plant reactors is being stored temporarily in cooling pools at the plants.

Toxic Wastes. Toxic wastes are the poisonous or *carcinogenic* (cancer-causing) chemical compounds that remain after the production of chemicals, metals, and plastics. As the largest producer of chemicals in the world, the United States also generates the largest amount of toxic waste, about 260 million tons a year.

Unlike nuclear wastes, some toxic wastes can be broken down into relatively safe substances by burning them or treating them chemically. But for many years, toxic chemicals were dumped into pits, ponds, and landfills. In some places, the



Copyright 1985 by Herblock in *The Washington Post* chemicals soaked into the topsoil and filtered into the water table. In Niagara Falls, New York, a neighborhood called Love Canal was built over a toxic chemical dump. Many of Love Canal residents—especially children—became ill. The government later bought their homes, and sections of the neighborhood were permanently closed.

Today, the EPA has established strict rules for dumping toxic waste. For example, all toxic waste must be placed in licensed landfills that have lined bottoms to prevent chemicals from leaking into the soil. Toxic dumps must also have "monitoring wells" to check for leaks, and operators must carry enough insurance to pay for $6 million in cleanup costs every year. These last two requirements, which took effect in November 1985, put more than half of the nation's toxic dump sites out of business. But an estimated 22,000 old or illegal toxic waste dumps still pose a threat to public health.

Pesticides. Pesticides kill certain insects and plants. But some pesticides have entered the food chain. After a pesticide is sprayed, it can remain potent for a long time, staying on the leaves of plants, washing into rivers and lakes, or seeping into groundwater. Some pesticides that animals ingest are absorbed into their tissues. Eventually, some of these chemicals reach humans through the food they eat.

In some cases, pesticides are counterproductive. For example, high concentrations of DDT impair the reproductive functions of birds. When DDT usage peaked during the 1950s and 1960s, the number of birds in the environment suddenly decreased, which in turn, led to an increase in the number of harmful insects that would otherwise have been eaten by the birds.

The EPA has banned a number of pesticides, including DDT, that are believed to be harmful to the environment. However, many other countries continue to use them, and food imported into the United States sometimes contains traces of hazardous chemicals.

Environmental Protection Agency

Urban runoff, a relatively new environmental concern, occurs when pollutants—such as oil, dirt, bacteria, toxic metals, backyard pesticides, and fertilizers—are washed off the streets or flushed through sewer systems. The Environmental Protection Agency is moving to regulate urban runoff, although local governments say control measures might cost billions of dollars.

Urban Runoff. A relatively new problem is urban runoff, which occurs when backyard pesticides, fertilizers, oil, dirt, bacteria, and toxic metals are washed off the streets or flushed through sewer systems. These pollutants enter the environment from many, often distant sources, but their effect is strong. Urban runoff accounts for almost 20 percent of the toxic lead in the Chesapeake Bay. In Huntington Harbor, California, high levels of toxic manganese, lead, and zinc from inland runoff have been found in shellfish. The EPA is moving to regulate urban runoff, but local governments say control measures might run to billions of dollars, not including cleanup costs.

Major Legislation

Endangered Species. The Endangered Species Act of 1966 made it illegal to kill, for sport or for profit, certain animals or plants believed to be on the verge of extinction. However, some people believe the act should allow exceptions when protecting a species harms the public good. For example, the act temporarily blocked construction of the Tellico Dam in Tennessee to protect a rare fish called the snail darter. Today, more than 800 species are on the list of endangered species.

Environmental Impact Studies. The National Environmental Policy Act of 1969 established a national goal to create and maintain "conditions under which man and nature can exist in productive harmony." The most far-reaching provision of the act required all federal agencies to write reports detailing the potential impact of their future activities on the environment. By delaying some projects, environmental impact studies have often prevented government action from having disastrous environmental consequences.

Creation of the EPA. In February 1970, President Richard Nixon sent Congress a 37-point program for cleaning up the environment. Nixon followed that message with a plan to establish the Environmental Protection Agency, which would allow "coordinated and effective government action on behalf of the environment." Before the EPA was established, forty agencies and departments oversaw environmental regulations.

Environmental Problems, 1987

In a recent survey conducted by *National Wildlife* magazine, readers were asked to list the five most important environmental problems currently facing the nation. The results:

1. **Contaminated drinking water**
2. **Leaky hazardous wastes**
3. **Toxic gases in the air**
4. **Acid rain**
5. **Air pollution**

Air Pollution. The nation's principal air pollution control law, the Clean Air Act, was passed in 1970. The act set deadlines for a 90-percent reduction of certain pollutants from new automobiles and also established pollution controls for factories, oil refineries, smelters, iron foundries, and power plants. In addition, the EPA was required to set air quality standards for the nation. The federal government authorized money to help states pay for their antipollution efforts.

In 1977, Congress established a new timetable for meeting the Clean Air Act goals of 1970. The auto industry has already met or exceeded most of those goals. However, many cities still have not met national standards for air quality. Nevertheless, the White House Council on Environmental Quality has credited the Clean Air Act for a remarkable overall improvement in the nation's air quality since 1970.

Water Pollution. In 1970, hundreds of industries and more than 1,400 communities were dumping untreated sewage into rivers. Although Congress had already taken some action to clean up the nation's rivers, the most effective legislation was the Federal Water Pollution Control Act of 1972.

The act set a national goal of making all waters safe for fish, wildlife, and people by 1985.

Congress later passed the 1974 Safe Drinking Water Act, which authorized the EPA to set maximum levels for contaminants in drinking water systems, and the 1977 Clean Water Act, which amended the 1972 Federal Water Pollution Control Act.

During the past decade, the nation has spent roughly $80 billion to clean and maintain its rivers and lakes. Of that amount, the federal government spent approximately $33 billion; states and cities, $11 billion; and industry, another $35 billion. As a result, according to the Council on Environmental Quality, the nation's rivers and lakes are achieving the Clean Water Act's goals of waters safe for fishing and swimming.

In 1987, Congress approved a new Clean Water Act, overriding President Ronald Reagan's veto. The act includes $18 billion to help local governments build sewage-treatment plants and another $2 billion to clean up the nation's lakes, rivers, and estuaries.

Toxic Substances. Congress enacted the Toxic Substances Control Act in 1976, which gives the EPA the power to ban or regulate dangerous substances not covered by other regulatory safeguards and to test new chemicals and substances before they are manufactured.

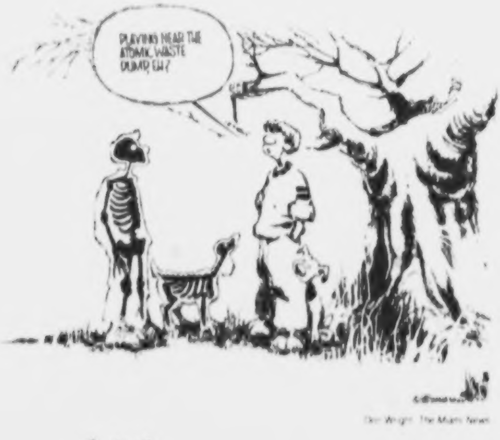
After the events at Love Canal, Congress created a Superfund to pay for the cleanup of hazardous waste sites and any future toxic chemical disaster. The company responsible for the disaster would eventually assume the costs, but Superfund would pay most of the initial cleanup costs.

In 1986, Congress allocated $6 billion to renew the Superfund program. At the same time, Congress set new standards for the removal of toxic wastes, required the EPA to start cleanup at 375 new dump sites by 1992, extended legal protection to victims of diseases caused by toxic wastes, and required chemical firms to report the release of cancer-causing substances into the environment.

Pesticides. Pesticides are regulated by the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), which regulates the registration and use of pesticides. The EPA is charged with evaluating the potential health risk of the more than 600 pesticides currently used by the food-processing industry to protect dairy products, meats, vegetables, and fruits from disease, mold, and insects. But the evaluation process used by the EPA is cumbersome—since 1972 the EPA has evaluated only 40 of the pesticides submitted for review. At its current rate, the EPA would not finish evaluting all 600 pesticides until well into the next century.

In 1987, a report by the National Academy of Sciences severely criticized the EPA pesticide review process as a "crazy quilt" of rules and regulations. Congress is now considering several proposals that would speed up the time it takes the EPA to determine whether a pesticide is a major health risk.

Nuclear Waste. In December 1982, Congress passed legislation establishing a national plan for the disposal of highly radioactive nuclear waste. The new law set up a timetable for establishing a permanent, underground repository for nuclear waste by the mid-1990s. Until the repository is opened, the law permits the government to establish temporary storage facilities.


PLAYING NEAR THE ATOMIC WASTE DUMP, EH?

Don Wright, The Miami News

In 1984, the Department of Energy selected three prime sites west of the Mississippi River for consideration as permanent repositories for nuclear waste. The sites were Deaf Smith County, Texas; Yucca Mountain, Nevada; and Hanford, Washington. After three years of debate, Congress named Yucca Mountain, Nevada, as the location for the nation's first permanent nuclear waste storage facility. Construction of the repository could begin in January 1989.

Current Issues

Balancing Environmental and Cost Factors. Most environmental issues today are conflicts between two schools of thought. One school argues that our nation's natural resources should be strictly protected because even small changes in our ecological system could have serious consequences for future generations. The other school of thought argues that, while protecting the environment is worthwhile, the cost of such efforts should be weighed against the benefits. The conflict lies in determining what level of pollution is acceptable and whether the cost of maintaining that level is affordable.

Acid Rain. The issue of acid rain illustrates the difficulty of balancing environmental standards with economic costs. Several recently issued reports recommend that sulfur emissions should be reduced by 50 percent to prevent serious environmental damage due to acid rain. To achieve this standard, coal-burning power plants and factories would have to install expensive antipollution equipment—called scrubbers—on their older smokestacks. (Federal laws already require such equipment on all new power plants and factories.) Or, power plants could choose to buy low-sulfur coal, mined in the western United States, instead of the high-sulfur coal mined in the East.

The issue is controversial. Utilities and other coal-burning interests argue that installing scrubbers would be expensive—costing as much as $5 billion. Those costs, normally passed on to consumers, could increase utility bills significantly in some states. Moreover, cutting sulfur emissions could create other serious economic costs such as the loss of jobs in heavy industries and high-sulfur coal mining. The coal industry argues that less expensive alternatives, such as the dumping of lime into lakes to make them less acidic, should be considered. They also recommend further research to determine the exact causes of acid rain and inexpensive ways to combat it.

Environmentalists dispute the argument that the economic costs outweigh the environmental benefits of reducing sulfur emissions. They say environmental costs are high, affecting human health, forests, lakes, and wildlife. Moreover, U.S. pollution harms Canada's timber industry and wilderness areas, causing diplomatic problems between the United States and Canada.

Environmental Protection Agency

Improperly disposed toxic waste can poison topsoil and underground water supplies. In 1980, Congress gave EPA the job of finding and cleaning up thousands of abandoned toxic waste dump sites.

Toxic Waste. Almost everyone agrees that toxic waste sites must be located and cleaned up. But who should pay the cost of cleaning up the waste, and who should compensate people whose homes were contaminated by toxic wastes?

The Superfund legislation (passed in 1980) says that dumpers should pay for the cleanup, but that until they begin work, the EPA should start the cleanup using monies collected through a special tax on oil and chemical companies. Under Superfund, persons who feel that they have been harmed by toxic wastes have the right to sue the manufacturers who created the hazard.

Supporters of Superfund agree that those who created the hazard should be forced to pay for it. However, finding the guilty parties is not always easy. Many toxic waste sites are more than twenty years old, and records about what was dumped or who deposited the wastes may not exist. In addition, some companies that dumped pollutants years ago are no longer in business. As a result, the government cannot recoup its expenses for the cleanup, and injured persons cannot sue a company they cannot identify. Who, then, should pay the costs? One proposal is to use general tax dollars to pay for both cleanup and victim compensation. Another proposal is to enlarge the Superfund by increasing taxes on manufacturers.

Pollution Standards. Congress has struggled with the problem of balancing environmental standards against the cost of environmental regulation since 1970. In general, environmental regulations have improved the environment. Yet a new question has arisen: Should states and industry be required to lower pollution levels even more?

Many industrialists oppose further tightening of the laws. They say that it is unrealistic to try to eliminate all the risks in our environment and that this is the price we pay for living in a technologically advanced society. New antipollution equipment could cost millions of dollars to install, reducing the amount of money available for improving the productivity of factories. Before any new legislation is enacted, the government should carefully weigh the cost of a program against its potential benefits.

Others argue that the goal of environmental laws should be to provide the most healthful environment possible. Environmentalists argue that strict standards will not strain the economy too much, since expected improvements in technology will bring down the cost of hazard detection and control. Furthermore, antipollution standards have created a new industry. According to a study by the Natural Resources Defense Council, the Clean Air Act indirectly created some 200,000 jobs for people manufacturing or operating pollution-control equipment. In addition, the act has saved billions of dollars annually in economic and health benefits by preventing environmental damage and disease. The authors of the study claim that the benefits from this act far outweigh the costs to regulated industries.

Use of Federally Owned Land. The Department of the Interior controls 510 million acres of federal land, roughly one-seventh of the nation's land area. Underneath that land lie about 80 percent of

Will the Birds Still Sing?

In 1962, Rachel Carson published *Silent Spring*, a book condemning the widespread use of pesticides. Carson charged that pesticides were polluting the environment and that they could decimate the nation's wildlife. Carson warned of a "silent spring" in which no birds would be left to sing. Carson's book helped launch the environmental movement in the 1960s and led to tighter controls on pesticide use.

the nation's oil shale deposits, 35 percent of its uranium, and 60 percent of its low-sulfur coal. In addition, much of the nation's oil and natural gas reserves is thought to be under federal lands and the federally owned outer continental shelf. Some of the nation's land has been leased to private business interests for developing timber, oil, coal, or other mineral resources, and for grazing cattle or sheep. For years, many people have looked upon resources located on protected federal lands as reserves for the long-term future. During the 1980s, however, some people encouraged the government to open up federal land to private developers, in part to fulfill the country's energy needs.

Environmentalists urge caution when granting development rights on federal lands or waters. Many endangered animals, such as the grizzly bear, live in these lands. Building roads and clearing forests would disrupt their habitats. Furthermore, development can damage water quality and increase soil erosion. Either consequence would have a severe impact on fish. Other critics of developing federally owned resources argue that the resources should be saved for future crises, such as war or a minerals embargo.

Supporters of development point out that the country has had to import large amounts of oil and such minerals as chromium and cobalt, which could have been taken from federal lands. Considering its large trade deficit, the nation cannot afford to ignore resources in its own backyard. Moreover, development supporters contend, the search for and development of these resources must begin now; there will not be time to extract them when an emergency arises.

Outlook

Great strides have been made during the last fifteen years, but we still have serious environmental problems, especially in dealing with toxic waste. Toxic wastes take a long time to seep into water supplies, and their effects on human health can take years to appear. Moreover, it is extremely difficult to trace birth defects or a serious disease such as cancer back to one source. For these reasons, assessing liability and granting monetary awards for victims may always be a problem.

Other environmental issues, including acid rain and urban runoff, also confront the nation. Congress is committed to protecting the environment, and many members support new funding to clean up toxic wastes and increased federal grants for sewage treatment centers. But the size of the federal budget deficit—now more than $170 billion—may mean that less money will be available to protect the environment than in the past. Congress will have to balance monetary costs against the benefits of a clean environment.

The Debate Environment

Should Economic Considerations Take Priority over Environmental Issues?

PRO	CON
While a clean environment is important, excessive regulations hurt the economy. We must provide jobs, expand industry, and compete with foreign businesses that are not constrained by tough regulations. The cost of meeting environmental standards and completing the paperwork is too high.	Environmental regulations have improved the quality of our air and water without ruining the economy. In fact, the antipollution industry has created jobs. Without regulations, the cost in health and economic losses would far surpass the cost of enforcement.

Should the United States Act to Reduce Acid Rain?

PRO	CON
Acid rain is destroying forests and lakes in the northeastern United States and in Canada. The increased damage to buildings and bridges is expensive to repair. We should cooperate with Canada, whose timber industry is threatened by pollution generated in the United States, to reduce acid rain. It is the price we must pay for having a sound environment.	The causes of acid rain are not fully understood. Proposals to reduce acid rain are far more expensive than repairing the damage caused by acid rain. Americans cannot afford higher utility rates, and we should not decrease our use of a domestic source of energy—coal—to reduce acid rain. We should study the problem more before we commit billions of dollars to programs that may not work. We might find a cheaper solution.

Should Polluters Pay the Cost of Environmental Cleanup?

PRO	CON
The American taxpayer should not have to pay for the mistakes of polluters. We cannot allow industries to pollute the environment without penalty. Proper cleanup of environmental hazards is one of the costs of doing business and not a cost that can be passed along to the public through higher taxes or health risks.	One way or another, the cost of cleaning up the environment will fall on American citizens. Companies will either pass on the expense to consumers through higher prices, or they will go out of business, leaving the government to pay. The government is the best, most reliable agent to clean up toxic waste.

Agriculture

Today, American farmers depend on the federal government for nearly half their total income. In 1986, the nation's 3.1 million farmers shared $26 billion in federal farm subsidies. Federal payments to farmers have more to do with determining the success of American agriculture than with the weather, the size of a harvest, or market demand. Government farm programs loan farmers money, pay subsidies to farmers if the market price of crops drops below a guaranteed level, and even influence what crops a farmer will plant. The government's complex system of subsidies is designed to manipulate the farm economy to ensure an abundant and affordable food supply for consumers and to maintain agricultural prosperity.

The government's involvement in agriculture goes back to the Great Depression of the 1930s, when farmers were particularly hard hit by the country's economic collapse. But American agriculture has changed radically since the Depression. During the past fifty-five years there has been a steady exodus from the farm. With the development of advanced machinery, improved seeds, and chemical fertilizers, fewer farmers are now able to feed the nation. But in spite of these changes, the federal government's farm policy has changed little.

Some people believe that the government's involvement in agriculture should be reduced. But other people claim that decreasing subsidy programs will hurt the thousands of farmers who depend on the government to survive. Congress will be challenged to find new ways to maintain adequate incomes for farmers and low prices for consumers.

Key Questions

- Should the government end federal payments to farmers?
- Is government involvement necessary to ensure that American farmers can compete on the international market?
- Should the government help farmers who cannot pay their debts?

Background

The Farm Industry

Big Farms Get Big Subsidies

Of the nation's 3.1 million farms, approximately 73 percent are small family farms. Family farms produce 10 percent of the nation's total farm output and receive 17.9 percent of federal farm subsidies. The remaining farms are large commercial farms. They produce nearly 90 percent of farm output and receive 82 percent of federal farm subsidies.

The Crisis of the Family Farm. The United States has lost more than 3 million farms in the last twenty-five years. Today, fewer than 3.1 million farmers (about 1 percent of the total population) still work the land. Of these, only 315,330 operate full-time commercial farms. Many people are leaving farming because of dramatic increases in the cost of production (i.e., equipment, fertilizer, and seeds), inflated land values, and a relative decline in the prices farmers receive for their produce. With the average age of the American farmer now more than fifty years, many wonder where the next generation of farmers will come from. Starting a farm is very expensive. Unless an individual is fortunate enough to inherit a farm, the initial investment can be as high as $700,000 for a relatively small farm.

In the past few years, more and more family farms have gone bankrupt, primarily because farmers must borrow large sums of money to operate. Then, after selling their produce, farmers must repay their loans. Low crop prices and high interest rates hurt farmers by requiring them to forfeit a larger portion of their crops to repay their loans. During the late 1970s, many farmers went deeply into debt to expand their farms to meet the large demands that were predicted for food exports. However, when the demand went down, many of these indebted farmers were placed in great financial jeopardy. According to some experts, as many as 1,000 farmers declare bankruptcy *every week*.

Corporate Farms. The traditional family farm is losing ground to giant corporate-owned farms as economic pressures have forced small farmers out of business. Today, some 7,000 U.S. farms are owned by corporations, which in turn are owned by stockholders or by larger corporations, such as

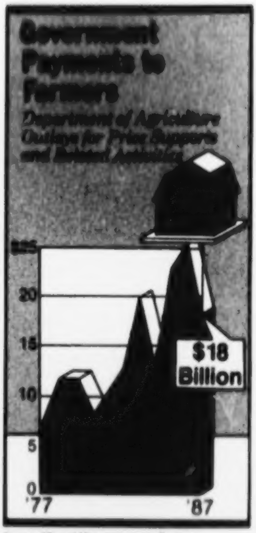
USDA SCS Photo by Tim McCabe

Traditional family farms are losing ground to giant corporate-owned farms as economic pressures force more and more small farmers out of business. The government estimates that as many as 1,000 farmers declare bankruptcy every week.

food processors or suppliers. An estimated 90 percent of all farm income is earned by just one-fourth of all farmers.

Corporate farms have several advantages over small family farms. Being larger in size, they are more efficient. For instance, some corporate farms can grow a bushel of corn at one-third the cost to family farms. Corporations also have vast financial resources and tax advantages because of their corporate status.

The Role of the Government. During the Great Depression of the 1930s when thousands of farmers went bankrupt, the federal government stepped into the farm industry to protect farmers from sudden price fluctuations and natural disasters and to stabilize food prices for consumers. Today, many government programs benefit farmers. The government provides crop insurance and helps farmers learn about innovations in farming. But the most significant programs stabilize prices by setting target prices, guaranteeing loans, and paying farmers not to farm part of their land. The cost to the government has been high. The Department of Agriculture distributed $26 billion to farmers in 1986 alone. In addition, a record 84 percent of all eligible cropland is enrolled in federal programs and federal subsidies account for about 35 percent of all farm income.



Source: Office of Management and Budget

Most of the money Congress appropriates for farmers goes to income support and price support programs. A small portion ($783 million in 1988) goes toward research programs, including those designed to develop new theories on human nutrition.

Target Prices. Under the target price program, the government sets a minimum, or *target,* price that farmers will get for their products, based on a level below the expected market price. If prices dip below these levels, the government pays farmers the difference between the market price and the target price.

The basis on which the government determines the target price is controversial. Many farmers want the government to determine the target price using the concept of *parity*—the price at which a certain amount of a crop will buy the same amount of goods and services as it did in 1910-14, the period considered the "golden age" of American agriculture. Farm groups often call for target prices set at 100 percent of parity.

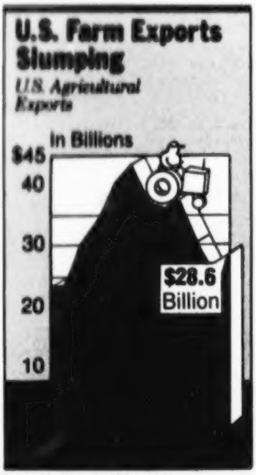
Loans as Price Supports. Loans serve as a kind of price support. Using their crops as collateral, farmers can borrow money from the Department of Agriculture to pay for seeds or other farm materials and implements. The government loans farmers money based on a rate set near the estimated average cost of production. (Actual costs vary greatly from state to state.) If the market price is below the loan price after harvest, farmers simply give the government their harvests. Otherwise, farmers repay the loan from their profits. Because prices have been so low recently, the government has had to collect thousands of tons of grain and dairy products from farmers.

Set-asides. Set-asides are part of a government program that pays farmers not to farm part of their land. Such limits on production decrease supply and help curb the surpluses that price supports can cause. But set-asides only limit the number of acres used, not the amount grown on each acre. Supplies often increase despite set-asides because farmers have learned to produce more on the same amount of land.

The 1985 Farm Bill. After nearly a full year of heated debate, Congress passed the 1985 Farm Bill. This bill establishes farm policy in the United States through the 1990 growing season. The legislation: (1) lowers price supports for crops, (2) provides income support to farmers through federally funded loans, and (3) establishes strict soil conservation programs. Many members of Congress believe that the farm bill is responsible for a recent improvement in the agricultural economy.

American Agriculture Today. In 1987, some farmers across the United States began to see signs of improvement. Huge federal subsidies have forced the price of American farm products down, creating a higher demand for the cheaper products. In addition, lower interest rates have made it possible for some farmers to reduce their debt. Last year, many farmers were able to pay for spring planting without borrowing money.

But some analysts warn that this upswing might be temporary. They claim that the increase in farm profits and the foreign demand for American crops is the result of federal subsidies. Although farm debt has declined, experts say many farms are still too far in debt to survive. The U.S. Department of Agriculture's Economic Research Service says that more than 100,000 middle-sized farms are likely to declare bankruptcy in the next year. Some experts say that the crisis in American agriculture will not be over until farmers no longer depend on federal subsidies to survive.



Source: U.S. Department of Agriculture

U.S. farm exports increased in 1988 due in part to crop failures in Western Europe and a decline in the value of the dollar, which made American products less expensive overseas.

Challenges Facing American Farmers

Global Competition. For a long time, American farmers were the leaders in the world agricultural market. This is no longer true. Despite increases in U.S. farm exports in 1987, American farmers still face stiff competition from farmers in Western Europe and South America who have taken a large share of the world's agricultural markets. In Western Europe, some farm products are still able to beat American prices because of high government subsidies. And in South America, because land prices and living standards are lower than in the United States or Europe, farmers have been able to grow food at low cost.

Overproduction. American farmers still produce huge amounts of food, resulting in large surpluses of a variety of goods. One reason for these surpluses is the increased land put into production during the 1970s. A second reason is price supports, which encourage more production since farmers are guaranteed a minimum price for their product. A third reason is that farmers cannot be sure that the price paid for their crops will be enough to cover the costs of production. As a result, farmers produce as much as they can and hope to pay back their outstanding debts.

Soil Erosion. Farmers must constantly battle erosion of vital topsoil, surface soil rich in organic matter. Without good topsoil, farmers must invest large sums of money in chemicals to keep their soil fertile. After declining for decades, soil erosion rates recently have been rising. Today, the average rate of soil erosion is approximately five tons of topsoil per acre per year, but some farmers lose as much as one hundred tons per acre per year.

Several factors contribute to the loss of topsoil. Ironically, the most significant factor may be improvements in the fertilizers, pesticides, seeds, and farm equipment that have helped farmers prosper. These improvements helped farmers bring more of their land into production, rather than allowing it to rest periodically and naturally regain its nutrients. The rapid growth of farms during the 1970s also affected soil erosion because many farmers cut down trees, which help control erosion, to bring more land into production.

Since the dust bowl days of the 1930s, the government has sponsored a number of programs to encourage soil conservation among farmers. However, under soil conservation provisions of the 1985 farm bill, the government now has the power to penalize farmers who do not practice good soil management. In the future, the government will limit federal farm price supports and other benefits to farmers who plow fragile lands for crop production or drain wetlands for planting.

Water. Water remains a major concern to farmers in the West. Much of the country west of the Missouri River receives little rain. Described as the Great American Desert more than one hundred

Bureau of Reclamation/U.S. Department of Agriculture

The growing cities of the arid West—such as Denver, Los Angeles, and Phoenix—compete with farms for limited water supplies. City leaders complain that open-ditch irrigation wastes water needed by their cities.

years ago, the land now—through irrigation—includes some of the nation's most fertile farm land. However, water shortages often threaten the prosperity of the region.

Farmers on the Great Plains irrigate their crops with water from a large underground source, or *aquifer*. But if they continue to use the aquifer at current rates, it could dry up completely in twenty to thirty years.

Farther west, farmers use water from streams and rivers to irrigate crops. But growing urban areas compete with farms for water. During the 1970s, the city of Denver built huge tunnels through mountains to divert water from Colorado's western slopes to the eastern slopes to ensure that the city would have enough water for residents. Although Denver received permission from both state and federal officials, the diversion still angers farmers and ranchers in the western part of the state. In Arizona, the cities of Phoenix and Tucson compete with farmers in southern California for water from the Colorado River. Like Denver, Phoenix and Tucson have had a building boom but do not have adequate water supplies for their new residents and businesses. California farmers have fiercely opposed Arizona's attempt to complete the Central

Arizona (water diversion) Project. Farmers complain that the Colorado River is already overused. Except during unusual floods, the Colorado River no longer reaches its natural mouth in the Gulf of California. City officials say that farmers waste too much water. They claim that farmers already use four-fifths of the water used by the nation each year for irrigation.

Current Issues

USDA Photo by Doug Wilson

The government has seized millions of tons of corn, wheat, and dairy products over the past seven years as payment from farmers who defaulted on their government loans. Storing the crops is now a major problem.

Price Supports. Some people have called for an end to the price-support system that has been in effect for more than fifty years. Supporters of this view argue that the system is too expensive, especially in light of the government's huge budget deficit. They also complain that the system encourages overproduction—leaving the government and farmers with products that cannot be sold. As a result, the support system often fails to raise farm incomes. Other critics say that price-support programs have amounted to subsidies to highly vocal special-interest groups, including tobacco growers and dairy farmers. Independent economic researchers have pointed out that the current price-support system will not save many small- to medium-sized farmers from bankruptcy since most crop subsidies go to large, successful commercial farms.

Other experts believe that the government should not interfere in the marketplace, including agriculture. Supporters of this view argue that eliminating the government's presence in agriculture and leaving the fate of farmers to the free market would weed out inefficient farmers, leaving a tough, lean farm industry more capable of competing in the world market.

Farmers claim that drastic cuts would cause them great harm. They say that the world agriculture market is not a free market since it includes many competitors whose products are subsidized by their governments. Furthermore, they argue that ending price supports would be unfair since many farmers have long relied on the existing government system. Many farmers believe that the government should phase out price supports over a period of time to help farmers through the transition.

Family Farms. Some economists argue that small family-operated farms make no economic sense because large corporate farms are more efficient. But supporters of family farms point out that thousands of farmers are operating large, efficient family farms, and many have incorporated their businesses. Additionally, many of the farmers who could go bankrupt without federal assistance are efficient farmers who were in the process of building up to the corporate farm level when interest rates soared and land prices decreased. The supporters argue that these farmers could succeed if given a chance. However, according to farm lobbyists, if government support for farming is cut off, any hope of saving most traditional family farms in their battle against corporate farms would be lost.

Maintaining Low Prices for Consumers. Most proposals to raise the income of farmers would raise food prices for consumers. Some policymakers believe that urban Americans can afford to pay a little more to improve the health of the farm industry. They note that Americans pay less of their income for food than do people in any

USDA Photo by William E. Carnahan

Many government subsidy programs designed to increase the American farmer's income have also caused food prices to rise in the last several years. Nevertheless, Americans still pay a smaller percentage of their income for food than do people in any other industrialized country.

other industrialized country. But consumers say that they are subsidizing farmers twice: once in their taxes to pay for farm price supports, and then again at the supermarket in higher prices for farm goods. Consumer advocates point out that in the unsubsidized poultry industry, chicken prices have come down almost one-third in the past two decades. But in the heavily subsidized dairy industry, cheese and milk prices have risen.

Farmers say there are sound reasons for consumers to back farm price supports. They note that by creating surpluses, the government has built up a reserve of food that has protected consumers against the price increases that would occur as a result of droughts, freezes, insect infestations, or other natural disasters. Furthermore, farmers note that the low prices offered by subsidized imported food would disappear once American farmers left their farms because they could no longer compete. Consumer groups dismiss both arguments. They believe that the government could maintain price stability at a much lower cost than do current subsidy programs. Moreover, they note that government food stockpiles are so high already that much of the surplus food may never be eaten and will just rot.

Outlook

For most of the 1980s, American farmers faced tough times. Low prices for their crops and livestock, coupled with high interest rates, forced many farmers into bankruptcy. However, by 1987 there were signs that American agriculture was on the rebound. In large measure, massive federal subsidies were responsible for the recovery. But even farmers who benefit from subsidies fear that their success is too dependent on the federal government. Many experts say that Congress must search for other approaches that will ensure adequate incomes for America's farmers while keeping the price of agricultural products low for the American consumer.

The Debate Agriculture

Should the Government End Federal Payments to Farmers?

PRO

Federal farm subsidies have cost the government billions of dollars. Along with the tremendous drain on the Treasury, the subsidies have failed. They have encouraged overproduction and discouraged cost controls. By ending federal payments, the free market will weed out inefficient farmers, leaving a lean, tough, and efficient farm industry.

CON

It is wrong to say that ending federal payments to farmers will weed out only the inefficient. The inefficient farmers were wiped out during the farm crisis of the early 1980s. The current farm crisis threatens to bankrupt some of America's most efficient and innovative farmers whose only mistake was to try to expand the size of their farms to meet the expected world demand for food. Federal payments ensure against severe crop failures and unfair competition from abroad.

Is Government Involvement Necessary to Ensure That American Farmers Can Compete on the International Market?

PRO

American farmers have been handicapped in competing on the international market. For instance, many nations have subsidized their agricultural industries to the point that their products are cheaper than ours. Only the federal government can equalize the competition. The government should continue to subsidize U.S. farmers and introduce measures that will lower the value of the dollar overseas.

CON

Government aid to farmers—specifically price supports—encourages overproduction. Giving subsidies to farmers only worsens the problem. U.S. farmers have to realize that they no longer are the most efficient food producers in the world. They have to make sacrifices to improve their efficiency just like everyone else.

Should the Government Help Farmers Who Cannot Pay Their Debts?

PRO

In the last several years, government policies encouraged farmers to increase their production to meet what was thought to be a growing demand for farm goods. When the demand did not materialize, the government abandoned the farmers and left them with too many crops, deflated land prices, and massive debts. The government created the farm crisis, and it is up to the government to solve it.

CON

It is time for the farmers of the United States to stop seeing the federal government as a bank. The government cannot afford to come to the aid of every farmer in America, and it cannot be held responsible for farmers' mistakes. Like other business owners, farmers must learn how to manage their businesses successfully rather than expect the government to bail them out every time they get into trouble.

Crime

In the United States, 83 percent of today's 12-year-olds will be victims or intended victims of a violent crime at least once in their lifetimes. Four out of five households will be burglarized at least once in the next 20 years. In 1986, 37 percent of all criminals sent to federal prisons were involved in drug-related offenses.

Frightened by crime and shocked by the recent epidemic of drug-related offenses, the public is demanding that the police and courts get tough with criminals. Larger and more heavily-armed police forces are making more arrests, and judges are sentencing convicted criminals to longer prison terms.

But public demand for tougher enforcement and punishment has overwhelmed our already overcrowded prison system. As a result of the recent crackdown on crime, the prison population is growing by 1,000 inmates a week. In some instances, courts have ruled that overcrowding violates the Eighth Amendment protections against cruel and unusual punishment. Judges have ordered the release of inmates until new prisons can be built. A cycle has been created where criminals receive stiff sentences, are sent to overcrowded prisons, and then released only to return to the streets to commit more crime.

Some people believe that neither tougher sentencing nor new prisons are answers to reducing crime. They claim that conditions in society—such as unemployment, drug addiction, and poverty—breed crime. They say that crime will be reduced only when society solves the problems that cause crime.

Key Questions

- Should handguns be registered?
- Should protection for suspected criminals be maintained?
- Should we have a death penalty?
- Should judges retain discretion in sentencing criminals?

Background

Crime in America. Crime affects a large segment of the population, touching one in four households in 1986. According to the Bureau of Justice Statistics, 34.2 million criminal offenses occurred in 1986. The National Crime Survey predicts that 83 percent of today's twelve-year-olds will be victims or intended victims of violent crimes at least once in their lifetime. Four out of five households will be burglarized at least once in the next twenty years.

Contrary to popular belief, the typical victims of violent crime tend to be young, not old, and men, not women. For example, almost half of all robbery victims in the United States are under twenty-five years old. In addition, crime does not discriminate against economic status. Household crimes—such as burglary—are more likely to occur in homes with annual incomes of less than $7,500.

Family violence—crimes such as wife beating, child abuse, abuse of the elderly, and child molestation—has long been common, but often goes unreported. According to the Department of Justice, only 52 percent of abused wives contact the police. Many victims refuse to press charges in these cases because they do not want to send a family member to jail or because they fear reprisal. Furthermore, police often will not make an arrest for wife beating because the crime is believed to be a more appropriate area for family counselors than for the judicial system. But a study by the Department of Justice concluded that arrest of a violent family member rarely results in reprisal against the victim, and often improves the situation, especially when the courts order family members to enroll in special counseling programs. Often the mere shock of arrest has a sobering effect on the violent family member.

Fear of Crime. Fear of crime is another form of victimization because it causes people to restrict

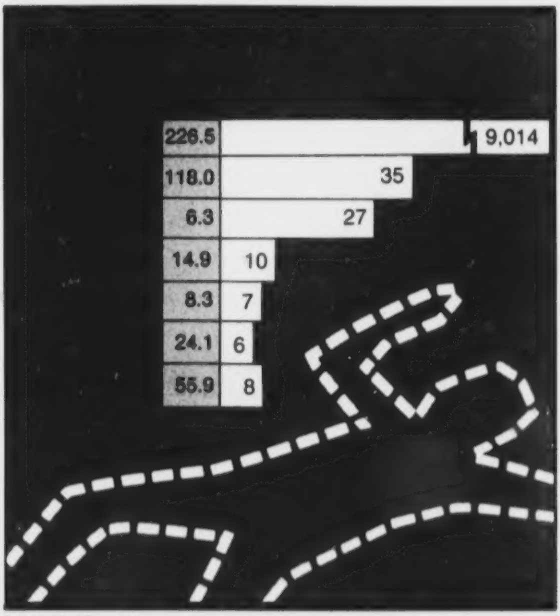
Reporting Crime

While the reporting of crimes was up 3 percent in 1986, only 37 percent of all crimes and 50 percent of violent crimes are reported, says the Justice Department. Many victims do not report crimes because they:

- thought the crime was not important enough;
- could not identify the criminal;
- did not want to bother the police; or
- felt the incident was a personal or private matter

their activities. According to a recent poll, 45 percent of all Americans are afraid to go out alone at night within a mile of their homes.

What Causes Crime? It is hard to say with certainty what causes crime, but many things are blamed. High on the list are poverty and unemployment. Unemployed people are more likely to be depressed and frustrated and therefore more apt to commit violent or antisocial acts. This is especially true in poor urban areas, where homicide is the leading cause of death of black men between the ages of twenty-five and forty-five. Also high on the list is the increased use of illegal drugs. In 1986, nearly 37 percent of those sent to federal prisons were involved in drug-related crimes. Other social factors also contribute to crime. For example, an unstable home life and an absence of affection can foster drug abuse, juvenile delinquency, and crime by youth. Child abusers are often people who themselves were abused as children. However, researchers argue that social factors alone cannot explain why, under similar cir-



Source Handgun Control Inc

The United States suffers from a higher crime rate than its industrialized allies. Experts attribute the high rate to many factors including drug abuse, unemployment, the availability of guns, and an inefficient justice system in which criminals plea-bargain for lighter sentences and do not receive adequate rehabilitation.

cumstances, one person commits a crime while another does not.

Career Criminals. Career criminals commit the majority of crimes. According to the Justice Department, about seven in ten young adults paroled from prison were arrested again at least once for serious crimes within six years. Career criminals are also responsible for most serious crimes, including burglary, theft, and robbery. In addition, members of organized crime and youth gangs commit nearly half of all violent crimes—assaults, murders, and armed robberies. One aspect of organized crime, drug trafficking, is linked to a large proportion of murders.

Another significant factor in the high rate of crime in the United States could be that many criminals believe that crime pays. Only 20 percent of the people involved in illegal activities ever get caught. Furthermore, since court schedules and prisons are overcrowded, criminals can usually bargain for lesser penalties by pleading guilty. Many criminals feel confident that they can probably escape arrest, and if they are arrested, they will not have to serve much time in prison. According to a recent government study of prison terms in thirty states, more than half of all convicted murderers served prison terms of less than six years, and half of all convicted rapists served less than three years. A similar study in 1982 showed that half of all convicted thieves served terms of less than twelve months.

Availability of Weapons. Experts cite the availability of guns and the growing willingness of

Library of Congress

According to Bureau of Justice Statistics, almost half of all victims of violent crimes are attacked by total strangers. Among violent crimes, robbery was the crime most likely to be committed by a stranger; homicide the least likely.

people to use them as major factors in the high crime rate. Federal law requires gun buyers to present proper identification and to sign a statement that they are not convicted felons, drug addicts, and do not have a history of mental illness. Although many state and local governments have added even tougher restrictions to the federal law, criminals easily evade these regulations. For example, New York City has the toughest gun control law in the country, forbidding the sale of guns or their import into the city. Yet New Yorkers—whether criminals or law-abiding citizens—have found ways to get guns, purchasing them out of state or from friends.

Growing Up

According to the Department of Justice, the average age at which an inmate in federal prison first fired a gun is 13.2 years.

Of the 60 million handguns owned by private citizens, the favorite of criminals is the "Saturday Night Special"—a low-quality, inexpensive handgun that can be easily concealed. In 1986, 11,381 people were shot to death, many of them with Saturday Night Specials. Although Congress has tried to eliminate cheap handguns by making their import illegal, gun manufacturers found a loophole in the law which allows them to import handgun parts and assemble them here.

The Cost of Crime. The cost of crime is high. According to the National Crime Survey, losses from personal and household property crimes exceeded $13 billion in 1985. The Federal Bureau of Investigation (FBI) reported that losses from commercial robberies, shoplifting, and store, office, and warehouse burglaries surpassed $3.1 billion in 1986. But these figures just touch the surface. The economic effects of crime include costly medical care, increased police protection, increased insurance premiums, and lost productivity resulting from a victim's absence from work. Experts estimate that the total cost of crime lies somewhere between $170 billion and $300 billion each year.

Legal Rights for Suspected Criminals. The Bill of Rights (the first ten amendments to the Constitution) guarantees that the government will treat persons accused of crimes fairly. Among these rights are:

- the Fourth Amendment, which protects persons from unreasonable searches and seizures;
- the Fifth Amendment, which protects suspects from being compelled to testify against themselves;
- the Sixth Amendment, which guarantees the right to a speedy trial with a jury and the right to counsel; and
- the Eighth Amendment, which forbids excessive bail and cruel and unusual punishment.

To enforce these protections, the Supreme Court devised some difficult rules that sometimes result in criminals going free.

The Exclusionary Rule. The Fourth Amendment protects citizens from arbitrary intrusions on their privacy or harassment from public officials. Before a police officer can search a place or a person, the officer must first present to a judge specific justification for a search (such as proof that a

Although most first-time offenders do not go to jail, the threat of prison is thought to deter crime. Currently, there are more than 500,000 prisoners serving time in federal and state prisons.

American Correctional Association

crime has been committed and that the evidence sought would be useful) and a list of things to be seized, with their location. Based on this information, the judge can issue a warrant, which permits a search but limits it to those places listed. Warrants are not needed in situations that demand swift action. Courts have found that the only effective way to enforce the Fourth Amendment is to exclude any illegally seized evidence from trials. Excluding such evidence sometimes results in the failure to convict a suspect—or even in the dismissal of charges—for lack of proof.

However, in 1984 the Supreme Court provided an exception to the exclusionary rule. If a police officer makes an illegal search in "good faith" that he or she has a proper and valid warrant, evidence from that search can be used in court.

The Miranda *Ruling*. Both the Fifth Amendment and Sixth Amendment apply at the time of arrest. For many years, some police departments routinely questioned suspects for extended periods of time without having an attorney present. However, the Supreme Court issued guidelines in 1966 to protect criminal suspects from such abuses. In the case of *Miranda* v. *Arizona*, the Court ruled that suspects must be read their legal rights before being questioned. The rights include the right to remain silent and the right to a lawyer. If the police do not inform defendants of their rights, any evidence gained from questioning cannot be used in court.

Current Issues

Gun Control. Many lawmakers argue that violent crime cannot be curbed unless handgun possession is limited. Proponents of gun control point out that handguns are the weapons of choice for violent crimes, and are involved in nearly half of all murders in the United States. Many people believe that the widespread availability of handguns contributes to this rate. In countries with tighter restrictions on handgun ownership, far fewer

The perception that the crime rate is increasing has caused millions of Americans to arm themselves for self-protection. In 1986, more than 1.5 million handguns were sold in the United States.

INSTRUCTOR

National Rifle Association

people are killed by shooting than in the United States. Gun control proponents want the government at least to require owners to register their handguns, and to reform mandatory background checks on all handgun purchasers to ensure that they do not have criminal records. Some people want to ban the sale of handguns completely. They believe that a ban would reduce the number of guns available to criminals and also reduce the number of accidental shootings and shootings that result from arguments.

Opponents of gun control, led by the National Rifle Association (NRA), argue that the Second Amendment to the Constitution, which guarantees citizens the right to "keep and bear arms," forbids any sort of gun control. Gun control opponents fear that any form of gun control, even requiring licenses for certain kinds of weapons, may be the first step toward government seizure of all guns. However, gun control supporters contend that the Second Amendment does not rule out handgun regulation and protects only rifles and guns necessary to state militias. The Supreme Court supported this view in 1983, when it left intact a local ban preventing handgun sales in Morton Grove, Illinois.

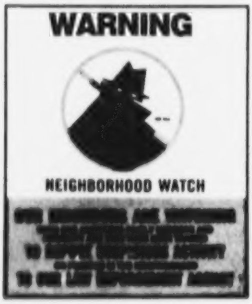
The pro-gun lobbies argue that gun control would not prevent crime and would not keep criminals from obtaining guns. They say that criminals do not purchase guns over the counter. These groups warn that, ultimately, gun control could create an unarmed public at the mercy of well-armed criminals. For these reasons, they support legislation that would relax restrictions on buying and transporting firearms.

Sentencing Guidelines for Federal Judges. In November 1987, new guidelines that limit the discretion of federal judges in imposing criminal sentences took effect. These new rules are the first changes in the federal sentencing system in more than 200 years. Previously, sentences for the same crime could vary depending on the philosophy of the judge hearing the case. For example, a strict law-and-order judge might sentence a first time bank robber to a twenty-year prison term. Another judge, sympathetic to the offender's lack of education or poverty, might have sentenced the same bank robber to one year on probation.

To reduce wide disparities in sentencing, Congress established a special commission to develop new guidelines. The commission identified forty-three categories of crime. For each category, the commission specified, within a narrow range, the prison term which a judge can impose. In addition, the commission recommended that probation be gradually phased out and limits placed on the use of parole.

Supporters applaud the new guidelines as promoting equal treatment of offenders. They say that the new guidelines create a uniform and fair sentencing procedure. In addition, supporters claim that by limiting parole, the sentence imposed will be the sentence served. Criminals will no longer be released after serving only a fraction of their prison terms.

But opponents say that the new guidelines create assembly-line justice and prevent judges from evaluating each case individually. Opponents also express concern about the financial consequences of the new guidelines. They claim it is far more expensive to keep a person in prison than on probation or parole. Furthermore, without parole, the already overloaded federal prisons will



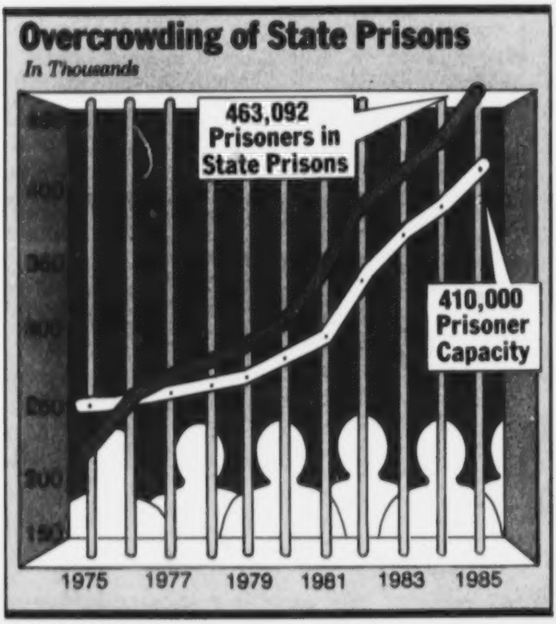
Preventing Crime

Since the late 1960s, citizen groups such as Neighborhood Watch have been organized by local police departments to help reduce crime. Participants watch their neighbors' property and report suspicious activity to the police. Orange, New Jersey, cut its crime rate by 14 percent through a city-sponsored Neighborhood Watch program.

become even more packed. Some experts predict that the federal prison population will increase by at least 10 percent over the next ten years as a result of these new guidelines.

Overcrowded Prisons. The most pressing problem facing criminal justice officials today is overcrowded prisons. Federal and state prisons now house more than 547,000 prisoners, an increase of 25 percent since 1983. Most prisons operate at well over capacity. For example, federal prisons house up to 59 percent more inmates than they were built to accommodate. Many existing prisons are old as well as overcrowded. Today over 60 percent of the nation's inmates are housed in prisons more than thirty years old. Ten percent live in facilities built before 1875.

Inadequate facilities often contribute to violence in prisons. The rate of homicides and suicides in prisons is double the rate in the general population. Overcrowding also leads to prison riots in which both inmates and guards may be killed. Courts have ruled that overcrowding in



Source: Bureau of Justice Statistics

A rising crime rate and tougher sentencing have caused prisons to become dangerously overcrowded. Many judges have ruled that overcrowded conditions violate the Constitution's guarantee against "cruel and unusual punishment" and have ordered prison systems to drastically reduce their inmate populations.

some prisons violates Eighth Amendment protections against cruel and unusual punishment. In the early 1980s, courts declared the prison systems of many states unconstitutional because of severe overcrowding. To remedy these constitutional abuses, the courts ordered states with crowded facilities to release some inmates on an emergency basis, transfer others to local jails, or spend millions of dollars to build new prisons.

But while the courts are ordering prison officials to release inmates from overcrowded facilities, new, tougher laws are sending a record number of criminals to prison. A national campaign against the illegal use of drugs has sent a new wave of offenders to prison. In addition, the public is demanding that lawmakers, the police, and the courts get tough with criminals. Larger police forces are making more arrests. Judges are ordering stiff prison terms. As a result, the nationwide prison population is growing by 1,000 inmates every week.

Money for Prisons. One solution to prison overcrowding is to build more prisons. However, the cost of prison construction is high. In 1987, Congress allocated $165.4 million to construct 2,400 new prison spaces. But prison experts say that the federal prison system needs more than ten times that amount to manage further prison growth. In addition, many people believe that convicts do not deserve better conditions. They resent the $5.25 billion that governments spent between 1978 and 1986 on prison construction, especially when funding for other programs, such as education, has been reduced.

In the meantime, prison officials cope with the overload by doubling the number of prisoners in cells and converting recreation rooms into sleeping areas. In addition, the Federal Bureau of Prisons is trying to convert abandoned military barracks, schools, and mental hospitals into prisons.

Ending Parole. Criminal justice officials have traditionally relied on parole as a means of easing the burden on overcrowded prisons. Under parole, a prisoner is released before he or she has served a full term. From 1983 to 1986, the number of parolees rose by one third, to 327,000.

In recent years many states have limited parole or repealed their parole programs altogether. In addition, new federal sentencing guidelines will phase out parole for prisoners in federal facilities over a five-year period. Those who favor ending parole argue that no one can really determine when a criminal has been rehabilitated. Eliminating parole better protects the public by keeping prisoners in jail longer. Opponents of parole also say that releasing criminals early for "good behavior" ignores the victim's suffering and undermines society's belief that "crime does not pay."

Monitoring Criminals

According to the Bureau of Justice Statistics, one in thirty-five adult men are either on probation, on parole, or in jail.

Many prison officials question the policy of ending parole. They say that since prisons are already bursting at the seams, paroling prisoners is one of the few ways to relieve overcrowding. Prison officials claim that parole programs can be designed to protect society. For example, in the face of public demands for tougher treatment of criminals, many states with overcrowded prisons are turning to *intensive probation*—a program which involves close supervision of offenders by probation officers with small caseloads. Thirty-five states are now experimenting with intensive probation. Intensive probation can cost as little as one-fourth the price of keeping an inmate in prison.

Private Prisons. Some states are trying to reduce the high costs of constructing new prisons by contracting with private businesses to build and operate prisons. Today more than thirty prisons in New Mexico, Pennsylvania, Tennessee, and Texas are privately owned or operated. In many instances, private companies can run prisons more economically because they do not have to pay their employees the high salaries and benefits that government employees receive. But critics fear that private companies, under pressure to make a profit, might seek to economize on staff hiring, training for guards, and rehabilitation programs. Such cutbacks could lead to increased prison violence, harsher treatment of inmates, and more prisoners attempting escape.

The Death Penalty. In 1972, the Supreme Court ruled that capital punishment, as then applied by most states, violated the Eighth Amendment ban on cruel and unusual punishment. The Court reasoned that the death penalty was applied so randomly that it discriminated against minorities.

Many states have since revised their laws for applying the death penalty. In 1987, the Supreme Court ruled in favor of the newly written state death penalty statutes, claiming that capital punishment itself was constitutional if applied fairly. Today, more than 1,900 prisoners are on death row in thirty-two states.

Public support for the death penalty has increased over the past 20 years. According to a 1987 poll, 86 percent of all Americans support the death penalty. Supporters argue that it is the only appropriate punishment for treason and violent crimes such as rape and murder. Supporters of the death penalty also claim that capital punishment deters crime because potential criminals know that they will be executed if they are convicted of committing a serious crime.

Opponents of the death penalty believe that it is state-sanctioned murder. They contend that there is no evidence to prove that capital punishment deters crime. Opponents also point out that the death penalty is irreversible. Inevitably someone is bound to be executed for a crime they did not commit.

UPI/Bettmann Newsphotos

The Supreme Court recently ruled that state death penalty statutes are constitutional if applied fairly. The method of execution varies from state to state, but most states administer the death penalty either through lethal injection or electrocution. However, two states—Delaware and New Hampshire—still administer the death penalty through hanging.

Weakening Constitutional Protections. A common complaint against the judicial system is that it permits hard-core felons to go free in instances when police violate procedures designed to protect the suspect's constitutional rights. The Supreme Court created many of these procedures—such as reading a *Miranda* warning to a suspect before questioning, and the exclusionary rule—during the 1960s.

Since the mid-1970s, however, the Supreme Court has questioned the need for some of these procedures in certain cases. In recent years, for example, the Court has permitted more exceptions to the exclusionary rule—decisions popular with police who charge that the rule ties their hands and prevents the conviction of serious criminals.

Civil libertarians concede that a few guilty persons go free because of strict adherence to constitutional rules, but they also say that eliminating these safeguards would endanger the innocent. For example, they argue that if the police are free to catch criminals with wiretaps, they might also tap the phones of unsuspecting citizens engaged in legal but unpopular political activities. Those who favor further exceptions to the rules argue that the Bill of Rights was not meant to protect the guilty; rather, it was written to protect the innocent from abuses of government.

Outlook

Crime, punishment, and the debate on how to deter crime will continue to receive widespread attention. Public debate over gun control will intensify. The Supreme Court's 1987 decision on the constitutionality of state death penalty statutes means that the frequency of executions—now about twenty a year—will likely rise. In addition, the public will most likely continue to demand tougher law enforcement and stiffer sentences for criminals. But stronger law enforcement places a burden on the already overcrowded prison system. New federal sentencing guidelines, which virtually eliminate parole, are also expected to increase prison populations. Local, state, and federal decisionmakers will be hard pressed to find ways to pay for new prisons and will need to begin exploring alternatives to reducing prison populations.

The Debate Crime

Should Handguns Be Registered?

PRO

Registering handguns and requiring a waiting period to check prospective buyers' backgrounds help to prevent crime. These rules also reduce the likelihood that a person will buy a gun and murder someone on impulse. The Constitution does not prohibit gun registration. Most courts—including the Supreme Court—have ruled that the Second Amendment only guarantees states the right to maintain a militia. Possession of handguns by individuals is not part of the right "to keep and bear arms."

CON

Registering firearms will not prevent criminals from obtaining guns. Gun control laws will only prevent law-abiding citizens from protecting their homes and families against armed criminals. The Second Amendment to the Constitution gives the people the right to bear arms. Registration would be the first step toward a complete ban of handguns, because it would provide information to the authorities so that they could confiscate.

Should Protection for Suspected Criminals Be Maintained?

PRO

Weakening the rights of defendants endangers every person's rights. If the police are allowed by use illegal wiretaps, conduct arbitrary searches, or isolate suspects for questioning to catch criminals, they will be able to do the same thing to any individual. The power of the police must remain in check.

CON

The safety of the public as well as the rights of the criminal must be considered. Dismissing cases against criminal suspects because the police did not read them their rights or obtain a search warrant betrays the victims of crimes. Our criminal justice system must ensure that victims are guaranteed their rights and protection.

Should We Have a Death Penalty?

PRO

Some crimes are so heinous that they demand capital punishment. Murderers who kill their victims in cold blood deserve no more pity than they showed their victims. The death penalty also deters crime, especially if imposed for treason, espionage, and killing police officers and public figures.

CON

The death penalty does not allow for court or jury to error. An innocent person cannot be brought back to life after an execution. The courts traditionally have applied the death penalty in a discriminatory manner against minorities. Finally, the death penalty does not deter someone who commits murder in a moment of passion or insanity.

The Debate, Crime

Continued

Should Judges Retain Discretion in Sentencing Criminals?

PRO

Allowing judges discretion in criminal sentencing enables them to weigh the human factor in determining sentences, and tailor the punishment to the individual as well as the crime. Judicial discretion allows a judge to consider alternatives to prison—intensive probation or work release—that might prove less costly and better rehabilitate the prisoner. Taking away judges' discretion strips them of their essential role. They become merely a cog in an assembly-line justice system.

CON

Allowing judges unchecked discretion in criminal sentences can result in sentences that are arbitrary or unfair. An offender's fate may depend on the judge's bias or whim. Requiring judges to adhere to sentencing guidelines eliminates inequities. Offenders know that regardless of the judge, the skill of his or her lawyer, age, education, socioeconomic status, and race, he or she will receive equal justice. Sentencing guidelines also assure the public that a criminal will receive a punishment that fits the crime.

Foreign Policy Issues

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The Soviet Union

For more than forty years, U.S.-Soviet relations have been characterized chiefly by suspicion and mistrust. However, as this decade draws to a close, the two nations seem to have arrived at a new level of trust.

December 1987 marked a new beginning in U.S.-Soviet relations when President Ronald Reagan and Soviet leader Mikhail Gorbachev signed the Intermediate-range Nuclear Forces (INF) Treaty. This unprecedented agreement calls for the two nations to destroy part of their nuclear arsenals.

Some people believe that the INF Treaty is the first step to total nuclear disarmament. However, despite the newfound optimism, many questions still remain. Some experts—both American and Soviet—wonder if the world's two most powerful nations can maintain the momentum in arms control negotiations established by Reagan and Gorbachev. These experts also wonder if the two superpowers can continue to cooperate in good faith to find diplomatic rather than military solutions to conflicts around the world. Although most experts agree that U.S.-Soviet relations have improved dramatically in the last several years, they also point out that any number of events could plunge the tenuous relationship into another period of tension and uncertainty.

Key Questions

- Does the United States accurately perceive the interests and actions of the Soviet Union?
- Should the United States help fight communist movements in other countries?
- Should the United States try to change human rights policy in the Soviet Union?

Background

Origins of the Cold War. During World War II, the United States, Great Britain, and the Soviet Union put aside their differences and joined forces to fight a common enemy, Nazi Germany. But the alliance of the three nations deteriorated almost immediately after Germany's defeat in 1945. The Allies intensely disagreed over the form of government to be created in Eastern Europe. During the next few years, the Soviets set up communist regimes in Poland, Hungary, Bulgaria, Czechoslovakia, and Romania; Germany was partitioned into communist and noncommunist areas; and the Soviet Union cut off access and communication between Eastern and Western Europe.

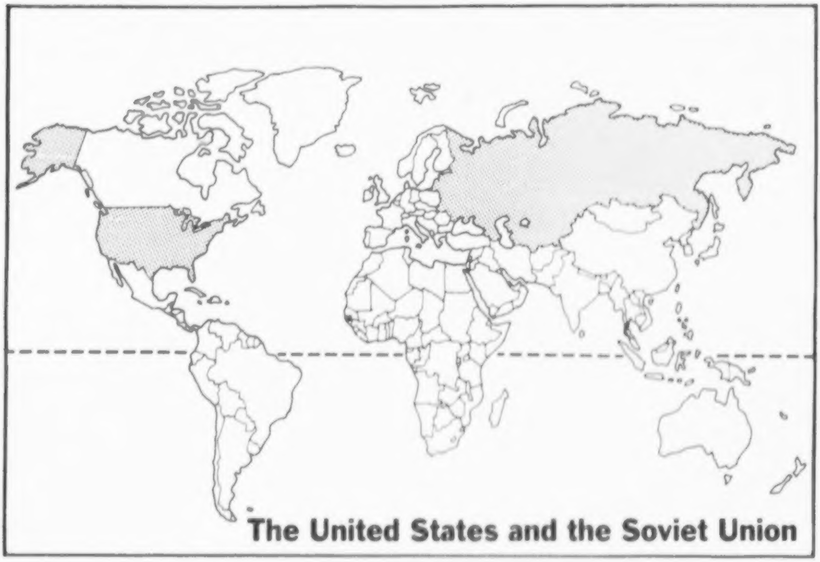
The Soviets believed that controlling Eastern Europe was essential to their security. Germany had invaded the Soviet Union twice within twenty years, and 20 million Soviet lives were lost in World War II alone. The Soviets wanted Eastern Europe to be a "buffer zone" against another invasion from the West. The United States protested the Soviet domination of Eastern Europe and created a policy to contain further communist expansion. This marked the beginning of the Cold War—a type of war fought with propaganda, intimidating arms buildups, and attempts to gain allies through the use of foreign economic and military assistance.

Embassy of the Union of Soviet Socialist Republics

Vladimir Lenin, the first leader of the Soviet Union, guided the Communist party to power in 1917.

U.S. Policy: Containment. The policy of containment meant that the United States worked to prevent further expansion of Soviet influence rather than force the Soviets out of Eastern Europe. Containment involved:

- providing billions of dollars in food, clothing, industrial machinery, and other types of aid to rebuild Western Europe;
- giving military and economic aid to governments challenged by communists; and



The United States and the Soviet Union

- creating a permanent military alliance—the North Atlantic Treaty Organization (NATO)—among the United States, Canada, and the democracies of Western Europe.

The Soviet Response. The policy of containment widened the growing split between the United States and the Soviet Union. The Soviets believed that the Western alliance, led by the United States, was trying to isolate the Soviet Union and push back its war gains. In response, the Soviets tightened their grip on Eastern Europe. Soviet troops stationed in Poland, East Germany, Hungary, and Romania ensured the loyalty of the national leaders to Moscow. In 1948, Czechoslovakian communists staged a government coup and brought their country into the Eastern bloc. In 1948, the Soviet Union created the Council of Mutual Economic Assistance (COMECON), which closely linked the Soviet and East European economies. And in 1955, the Soviets and their East European allies formed the Warsaw Pact, a military alliance similar to NATO.

Understanding Each Other

According to the Harriman Institute for Advanced Study of the Soviet Union, in 1985:

- **25,000 American students were studying Russian**
- **4 million Soviet students were studying English**

East-West Competition. Although the Soviets increased their control over Eastern Europe, the first years of containment successfully prevented further Soviet penetration into Europe. The Western bloc of nations formed an effective counterbalance to the Soviet-led Eastern bloc. The United States and the Soviet Union considered these blocs to be *spheres of influence*, which could not be invaded without risking total war. But not every nation in the world was a part of the East-West blocs, and the United States and the Soviet Union began to compete for new allies. The Soviets turned to the Far East, where spheres of influence were not clearly defined, and to Latin America.

American strategists sought to block Soviet moves in Asia and Latin America. They believed in the "domino theory," which held that if one country fell to communism, its neighbors would later be overrun by Communists. In 1949, the Soviet Union allied itself with Chinese leader Mao Zedong and his Communist party. The alliance gave the Soviets great influence throughout Asia until the early 1960s, when China broke with the Soviet Union. In 1950, the Soviets backed a North Korean invasion of South Korea. The United States sent troops to repel the invasion. Although the war ended in a stalemate, the United States demonstrated that it would fight communist aggression around the world. In 1959, communist revolutionary Fidel Castro came to power in Cuba. After the United States refused to recognize the new government, Castro turned to the Soviet Union for support. In the 1960s and 1970s, the Soviets backed North Vietnam in its fight to unify all of Vietnam under communist rule. The United States helped defend South Vietnam with troops and military aid, but in 1975, the Communists took over South Vietnam and Soviet influence stretched throughout Southeast Asia.

Cuban Missile Crisis: The Height of the Cold War. In October 1962, the world came closer to nuclear war than at any other time before or since. The United States discovered that the Soviet

Union was secretly constructing launching pads for nuclear missiles in Cuba. For seven days, the world waited as President John F. Kennedy and Soviet Premier Nikita Khrushchev engaged in tense negotiations. Finally, the Soviets agreed not to station nuclear missiles in Cuba. The scare of the Cuban Missile Crisis created a "thaw" in the Cold War, and the United States and the Soviet Union signed a treaty in 1963 limiting tests of nuclear weapons. Other steps were taken to improve relations between the two superpowers, culminating in the Nixon administration's policy of detente.

Nixon, Kissinger, and Detente. Supporters of detente (a French word meaning "a relaxation of tensions") primarily credit President Richard Nixon and Henry Kissinger, Nixon's national security advisor and secretary of state, for easing U.S.-Soviet tensions in the early 1970s. Detente reflected the belief that both the United States and the Soviet Union would benefit from maximizing cooperation and minimizing conflict. This meant frequent consultation between the leaders of the two superpowers to prevent minor disagreements from escalating into major confrontations. It also meant greater contact between the peoples of the United States and the Soviet Union. Between 1972 and 1974, the two nations signed eleven separate agreements to foster cooperation in space exploration, agriculture, health, environmental protection, and other fields. Trade opened up, and many American corporations and banks established offices in Moscow.

SALT I. The centerpiece of detente was the Strategic Arms Limitation Talks (SALT I) Treaty, signed by President Nixon and Soviet Premier Leonid Brezhnev in 1972. This treaty was the first agreement to limit the number of nuclear weapons that each side could *deploy*, or station.

The most important part of the SALT I Treaty was its limitation of antiballistic missile (ABM) systems. ABMs are defensive weapons designed to intercept and destroy enemy missiles before

Russians and Other Soviets

Americans tend to call all Soviet citizens Russians. But only half the people living in the Soviet Union are of Russian heritage. The Soviet Union is populated by dozens of nationalities and ethnic groups, including more than half the world's Armenians and more Turks than live in Turkey.

The National Archives

In 1972, President Richard Nixon and Soviet leader Leonid Brezhnev signed the first Strategic Arms Limitation Talks (SALT I) Treaty in Moscow. The treaty signing marked the high point of detente, or the relaxation of tensions, between the United States and the Soviet Union during the 1970s.

they reach their targets. Both Americans and Soviets feared that if either side was to develop an ABM capable of making its defense system impenetrable, war would be more likely. The treaty permanently limited each nation to only two ABM systems. In addition to ABMs, the SALT I Treaty limited offensive weapons—nuclear missiles and bombers—but only for a five-year period. Both sides also agreed to negotiate a second SALT treaty.

Helsinki Accord. In 1975, detente reached another high point when leaders from the United States, Canada, the Soviet Union, and thirty-five European countries gathered in Finland to sign the Helsinki Accord. Though nonbinding, this document outlined a broad basis for peaceful relations in Europe. Under the provisions of the document, the West—led by the United States—officially recognized the postwar borders of Eastern Europe. In return, the Soviets promised to increase intellectual freedom and human rights within the Eastern bloc.

Failure of SALT II. In 1979, President Jimmy Carter and Soviet Premier Leonid Brezhnev signed the second Strategic Arms Limitation Talks (SALT II) Treaty. But the U.S. Senate never ratified the SALT II Treaty. (All treaties require approval by two-thirds of the Senate.) Many senators believed the treaty made too many concessions to the Soviets. The Soviets felt betrayed by the Senate's rejection of the SALT II Treaty. And although the leaders of both countries said they would still follow the provisions set forth in SALT II, U.S.-Soviet relations deteriorated rapidly.

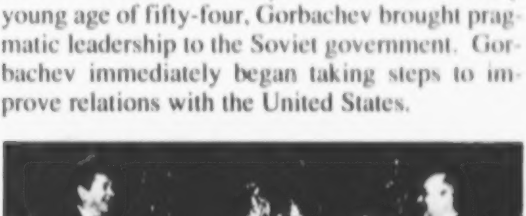
Invasion of Afghanistan. When Soviet troops invaded Afghanistan in December 1979, relations between the two superpowers became more hostile than at any time since the Cuban Missile Crisis. Most of the world's nations joined the United States in denouncing the Soviet invasion and calling for the Soviets to withdraw. Soviet troops fought for nine years against the resourceful Afghani guerrilla forces before conceding that the war could not be won. Recently, the Soviet Union announced that it will withdraw most of its 115,000 troops from Afghanistan.

Poland. Threatened by the growing strength of the Solidarity labor movement, the Polish army seized control of Poland in December 1981, declared martial law, and arrested hundreds of leaders of the independent Polish labor union, including the movement's charismatic leader, Lech Walesa. Within a week of the crackdown, President Ronald Reagan imposed economic sanctions against Poland. Later, blaming Moscow for the turmoil in Poland, President Reagan sharply reduced U.S.-Soviet trade and scientific exchanges. However, in 1984, the Polish government relaxed martial law and announced an amnesty for Solidarity leaders. In response, the United States lifted its economic sanctions against Poland. Soon after, the two countries exchanged diplomats for the first time in five years.

The START Talks. In June 1982, the Soviets and Americans reopened arms control negotiations. President Reagan renamed the talks the Strategic Arms Reduction Talks (START), proposing that the two nations agree to reduce the number of intercontinental ballistic missiles (ICBMs) and submarine-launched ballistic missiles (SLBMs) that each superpower could have. The Soviets refused the U.S. offer, but proposed "freezing" the number of nuclear arms at current levels. Despite some progress, the Soviets walked out of the START negotiations in December 1983, in response to the NATO deployment in Western Europe of medium-range missiles—known as Pershing IIs.

Involvement in Latin America. In 1984, President Reagan accused Cuba and the Soviet Union of trying to spread Communism throughout Latin America. Cuban and Soviet leaders acknowledged that they were involved in Latin America but only in countries that requested aid or were fighting for their freedom. President Reagan asked Congress to increase aid to help the government of El Salvador defeat communist guerrillas fighting there. He also asked Congress to supply arms to the anticommunist *contras*, who were fighting the pro-Soviet, Sandinista government of Nicaragua. Congress resisted Reagan's request by limiting aid to El Salvador and temporarily cutting off funds to the *contras*. However, in 1986, Congress resumed sending aid to the *contras*.

New Soviet Leadership. In early 1985, Mikhail Gorbachev became the fourth leader of the Soviet Union in less than three years. At the relatively young age of fifty-four, Gorbachev brought pragmatic leadership to the Soviet government. Gorbachev immediately began taking steps to improve relations with the United States.



President Ronald Reagan and Soviet leader Mikhail Gorbachev meet at the 1985 summit held in Geneva, Switzerland. American and Soviet leaders use summit meetings to sign important treaties and improve relations between their two countries.

Terry Arthur/The White House

Harry Hamburg/New York Daily News

President Reagan and Soviet leader Gorbachev shake hands after signing the Intermediate-range Nuclear Forces Treaty. In this historic agreement, the two superpowers agreed to destroy an entire category of nuclear weapons.

Reagan-Gorbachev Summits. The two superpowers resumed arms control negotiations in Geneva, Switzerland, in 1985, adding President Reagan's controversial space-based defense system—known as the Strategic Defense Initiative (SDI)—to the agenda. At the same time, Soviet leader Gorbachev expressed interest in meeting with President Reagan in an effort to improve relations between the two countries. The Reagan-Gorbachev summit talks that followed were the most extensive talks between the leaders of the two superpowers in the last fifteen years.

Geneva, 1985. In November 1985, the first U.S.-Soviet summit meeting in six years was held in Geneva, Switzerland. Meeting for three days, President Reagan and Soviet leader Gorbachev discussed arms control, human rights, and regional disputes. The two leaders agreed that nuclear war was unwinnable, pledged not to seek military superiority, agreed to expand cultural and educational ties, and announced that additional summits would be held.

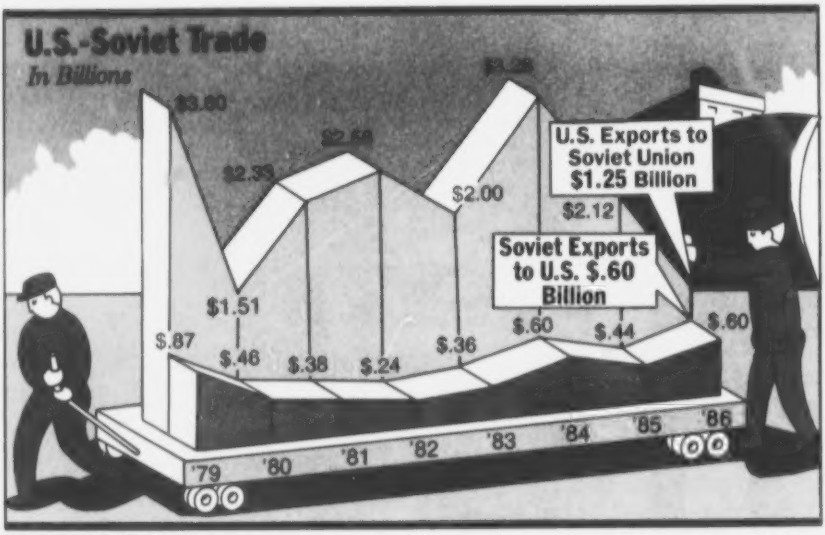
Reykjavik, 1986. In October 1986, Reagan and Gorbachev met in Reykjavik, Iceland, to negotiate missile reductions in Europe. But the focus quickly shifted to proposals to eliminate most, if not all, of their nuclear weapons. However, the talks collapsed when President Reagan refused to limit development of the space-based Strategic Defense Initiative. Despite the failure at Reykjavik, negotiators in Geneva continued work on a treaty to reduce missiles in Europe.

Washington, D.C., 1987. On December 8, 1987, President Reagan and Soviet leader Gorbachev signed the Intermediate-range Nuclear Forces (INF) Treaty, the first major arms control agreement between the two superpowers in eight years. The INF Treaty is the first to reduce the world's nuclear arsenal by actually destroying weapons. The Soviet Union will destroy more than 1,900 intermediate-range missiles, and the United States will destroy about 800. The treaty also provides for extensive on-site inspection of missile sites to verify compliance.

Current Issues

U.S. Perceptions of Soviet Motives. People in the United States tend to have radically different views of the Soviet Union. One school of thought holds that the Soviet Union is an "evil empire" bent on world domination and that the Soviets reserve the right to commit any crime, to lie, and to cheat in order to undermine democratic governments around the world. Supporters of this view believe arms control and trade must be limited because they may aid the Soviets' goal of taking over the world. They accuse the Soviet Union of financing and arming terrorist groups around the world, supporting radical anti-American movements in Europe, and sending "proxy forces" such as the Cubans to fight wars in Africa and elsewhere. They also blame the Soviets for perpetuating the arms race by producing newer and deadlier weapons to achieve military superiority.

Another school of thought believes that differences between the United States and the Soviet Union occur because neither side appreciates or understands the interests or actions of the other.



Source: U.S. Department of Commerce

Some government officials question the wisdom of trading with the Soviet Union. They warn that the Soviets might be using Western technology to improve their armed forces.

Supporters of this view say that the Soviets do not want to take over the world. Instead, they view many Soviet actions as reactions to domestic problems or to hostile American moves against the Soviet Union. Many experts strongly favor arms control negotiations and trade between the United States and the Soviet Union. They argue that such measures reduce mistrust and expand common interests, lessening the chances of war.

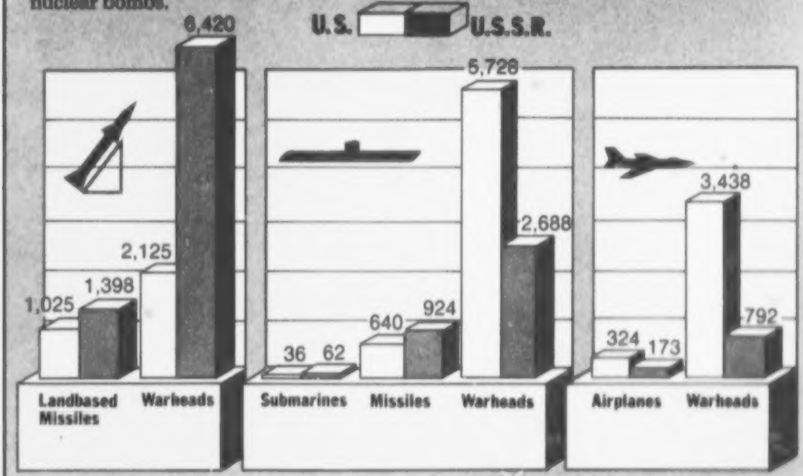
How Should the United States Respond to Soviet Actions? Past events in Poland and Afghanistan show the limited ability of the United States to respond to Soviet interference in other countries. American options fall into three basic categories: military force, trade sanctions, and aid to anticommunist forces.

Military Force. When President Kennedy discovered that the Soviet Union was building launching pads for nuclear missiles in Cuba, he placed U.S. strategic units on alert and ordered the navy to blockade the island. Faced with American naval superiority and the threat of nuclear annihilation, the Soviets retreated. The threat of military force has been highly effective, say some experts,

U.S.-Soviet Nuclear Arsenals[1]

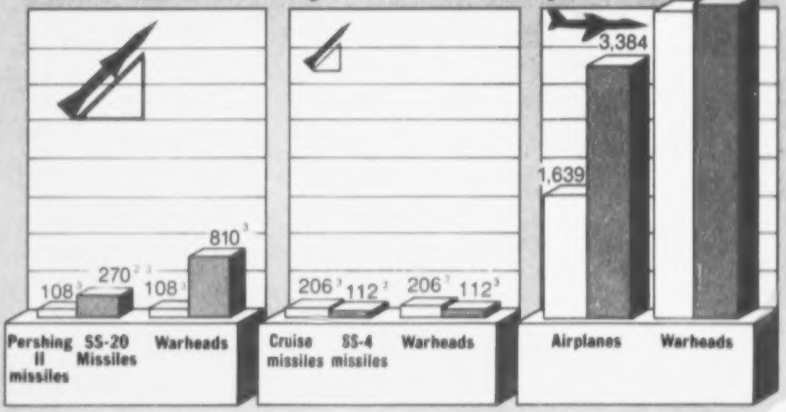
Strategic Forces

The United States relies on a three part, or triad, system to defend itself against nuclear attack. The triad is made up of strategic forces, including long-range missiles located in the United States, submarine-launched missiles, and airplanes carrying nuclear bombs.



Tactical Forces

Tactical Forces are medium-range and are located in Europe.



[1] Both Great Britain and France each have nuclear arsenals containing more than 200 warheads and bombs.

[2] 171 other SS-20's are in Asia, but could be moved to Europe.

[3] Eliminated by INF Treaty

Source: *The New York Times* and *Time* magazine as long as the United States has shown a willingness to use it. But now Soviet military capability rivals that of the United States; therefore, the United States can no longer be assured that the Soviet Union would retreat in a similar confrontation. For this reason—and because of painful memories of the U.S. defeat in Vietnam—recent administrations have been reluctant to use military force and instead have imposed trade sanctions.

Trade Sanctions. Trade sanctions are an attempt to hurt the Soviets by denying them goods they need. However, many experts believe trade sanctions hurt U.S. interests more than they affect Soviet behavior. For example, after the Soviets invaded Afghanistan in 1979, the United States refused to ship wheat to the U.S.S.R. Argentina did not back the grain embargo and sold enough grain to the Soviets to compensate for the American embargo. Trade sanctions only work when they are adhered to by all suppliers.

Another problem with trade sanctions is that the Soviets have an abundance of natural and industrial resources. According to a Central Intelligence Agency (CIA) study of the Soviet economy, the Soviets use imports from the West to modernize their economy and to supplement the diet of their citizens. The CIA study concluded that the vast resources of the Soviet Union enable it to withstand the absence of imports better than any other industrialized nation.

Aid to Anticommunist Forces. The belief that the United States can counter Soviet influence in other countries by providing economic and military aid to anticommunist forces has become known as the "Reagan doctrine." Supporters of the Reagan doctrine believe the United States should aid the *contras* in Nicaragua who are fighting the communist-backed Sandinista government; Cambodian rebels who are fighting Vietnamese invaders; and anticommunist guerrillas in Angola. Opponents believe that the Reagan doctrine promotes violence and civil war. Many members of Congress also say that the Reagan doctrine violates international law because the United States is interfering in the domestic affairs of other countries.

Facing page:
The United States and the Soviet Union maintain powerful arsenals to deter each other from starting a nuclear war. Many experts believe that the United States and the Soviet Union have reached "nuclear parity" and that neither country has a military advantage over the other.

Strategic Defense Initiative. Recent arms control negotiations have focused on U.S. development of the Strategic Defense Initiative (SDI). In theory, SDI would shoot down high-altitude Soviet missiles before they could reach the United States. Supporters of SDI believe that it will lead to a safer world because it would protect the United States against a Soviet nuclear attack. However, the Soviets strongly oppose the development of SDI. They claim it would violate the SALT I Treaty and endanger the Soviet Union. They also say that SDI would upset the nuclear balance because the system would prevent them from being able to retaliate against an American nuclear attack. The Soviets warn that if the United States develops SDI, the result will be an immensely expensive arms race in space that no one can win.

Glasnost

In 1986, Soviet leader Mikhail Gorbachev announced that he wanted to "open up" Soviet society to new ideas. Under a policy of *glasnost*, or "openness," Gorbachev has released many previously censored books, plays, and films; declared a national "war" on alcohol and drug abuse; allowed Soviet reporters to expose government corruption; and freed many political dissidents from prisons. Some experts believe that *glasnost* is proof that Gorbachev is willing to make significant changes in the role of the government in Soviet society.

Human Rights in the Soviet Union. The Soviet Union has a long history of arresting political dissidents and refusing to allow its citizens to leave the country. The United States has always objected to this policy, but different administrations have approached the issue in different ways. In the early 1970s, Secretary of State Henry Kissinger defended behind-the-scenes, quiet diplomacy as the best way to proceed on human rights issues. However, Kissinger's critics saw this as an excuse not to place a high priority on human rights. President Jimmy Carter took a more active approach, publicly criticizing the Soviet Union for its repression of political dissidents and Jews wishing to emigrate. Carter's critics asserted that his style of diplomacy was counterproductive because it made the Soviets less willing to compromise. President Reagan also spoke out against Soviet violations of human rights, but he refused to link human rights to other issues such as arms control negotiations. Critics believe that linking human rights to other issues is the only way to moderate Soviet behavior.

The Soviets claim that American pressure over human rights is interference in Soviet domestic affairs. Gorbachev has released many dissidents from exile or prison camps, permitted the reunification of separated families, and allowed more citizens to emigrate. The Soviets say that the United States should concentrate on its own social problems—such as anti-Semitism, racism, poverty, and unemployment—before criticizing the Soviet Union.

Outlook

Relations between the United States and the Soviet Union have changed dramatically since the early 1980s. The two countries have negotiated the first nuclear arms reduction treaty, are increasing cultural and scientific exchanges, and are seeking ways to improve trade. Much of this change can be attributed to Mikhail Gorbachev, whose leadership is likely to have a dramatic effect on U.S.-Soviet relations for years to come. As the decade draws to a close, a new era of trust seems to be dawning between the two most powerful nations in the world.

However, many experts are still skeptical. They question if the United States can trust the Soviet Union not to extend its sphere of influence. They warn that past experience should teach U.S. leaders that it is better to always remain cautious when dealing with the Soviets.

The Debate The Soviet Union

Does the United States Accurately Perceive the Interests and Actions of the Soviet Union?

PRO

The Soviets have demonstrated their desire for world domination time after time. They will use any means available to achieve this end. The Soviets finance and arm terrorist groups; support anti-American movements in Europe; and even use "proxy forces" such as the Vietnamese to fight for Soviet communism in Asia. The United States must continue to build up its military strength to counter Soviet aggression.

CON

The Soviets do not want to take over the world; they merely want to assure the security of their own nation. Their foreign policy actions are reactions to anti-Soviet moves by the United States and to the belief that they are surrounded by enemies. They must always be on their guard. The United States has the greatest military power in the world and should act more conciliatory toward the Soviet Union.

Should the United States Help Fight Communist Movements in Other Countries?

PRO

The Soviet Union is enslaving people throughout the world. We must try to block Soviet gains and push out communist governments whenever we can. By supporting local rebel forces, we are striking a blow for freedom. And if we do not help these "freedom fighters" now, eventually we will have to send American soldiers to fight the Communists.

CON

The Reagan doctrine does not promote freedom, only civil war. Under the Reagan doctrine, we find ourselves supporting terrorists, not "freedom fighters." Also, we are violating international law by interfering in other countries' domestic affairs. In the long run, the Reagan doctrine drives foreign leaders deeper into the Soviet camp, making it harder than ever to remove them from power.

Should the United States Try to Change Human Rights Policy in the Soviet Union?

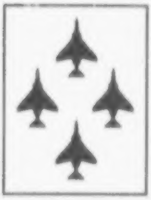
PRO

As the leader of the free world, the United States has a moral obligation to improve human rights in the Soviet Union. All people—including Soviet citizens—are entitled to certain basic rights. We should first try "behind-the-scenes" action to loosen Soviet restrictions on emigration and to gain the release of political prisoners. If "quiet diplomacy" fails, the United States should link arms control negotiations and trade with human rights.

CON

Efforts to improve Soviet human rights may be moral, but they are shortsighted. The United States has no right to interfere in the domestic affairs of another country. Besides, the Soviets cannot be bullied. They will resist U.S. pressure to change their domestic policies. We should not allow the human rights issue—over which we have little control—to obscure more important goals such as arms control.

Defense



Since the end of World War II, U.S. military policy has been based upon the assumption that the Soviet Union is a major threat to our security, and that the defense of Western Europe is central to maintaining peace. But in January 1988, a special commission composed of military and foreign policy experts found that U.S. military policy was out of date. According to the commission's report, in the next twenty years the United States and the Soviet Union will increasingly have to share economic and military power with other nations, such as China and Japan, making it less probable that the United States will go to war against the Soviet Union. Instead, the commission warned that the United States should be prepared to deal with smaller conflicts in the Third World. The commission recommended that the United States move away from its reliance on nuclear weapons, which could lead to global war, and develop non-nuclear weapons for use in regional conflicts.

In the next several years, the U.S. Defense Department will have to come to grips with this changing global power structure, but it may have to do so with less money than it has now. Between 1981 and 1986, the United States spent more than $2 trillion for defense. Today, with the federal government trying to reduce the budget deficit, some experts believe that the United States can no longer afford such large amounts of money for defense. But opponents argue that cuts in defense spending threaten our national security. They claim that the Defense Department must maintain or even increase its current budget to ensure that the United States is not perceived by other nations as militarily weak.

Key Questions

- Should the defense budget be increased?
- Should the United States develop the Strategic Defense Initiative?
- Should Congress have the power to block the use of military force by the president?

Background

U.S. Defense Policy

Why Do We Need a Strong Defense? The United States is not presently at war with anyone. Our nearest neighbors do not threaten us, and our ships pass through international waters unmolested. So why does the government spend billions of dollars each year on defense? One reason is that maintaining a strong military can *deter*, or prevent, other nations from attacking. American leaders want potential enemies to know that if the United States is attacked, it will repel the invasion and defeat the attacking country. The United States also uses its armed forces, especially the navy, to demonstrate its power and to show its determination to protect America's international interests, such as maintaining stable and friendly governments in Western Europe, the Middle East, Latin America, and other strategic areas. For example, in recent years, the United States has held naval maneuvers off the coast of Nicaragua and sent troops to train in Honduras to show concern about the emergence of communist governments in Central America.

U.S. military forces train primarily to fight one potential enemy: the Soviet Union. The Soviets and the Americans are adversaries because each nation believes that its national interests are in direct conflict with the other's interests. Moreover, the Soviet Union is the only nation that rivals the United States in military power. Since the end of World War II, the United States and the Soviet Union have been involved in an *arms race*, in which each country tries to match the military force of the other. The United States has spent billions of dollars trying to stay ahead of the Soviet Union. The two nations have also competed for influence and power throughout the world. Many policymakers believe the Soviet Union is committed to spreading communism around the world, by military force if necessary. Others believe that the

Soviets have built up their military because they think that the United States poses a serious threat to their safety. (See the chapter on the Soviet Union.)

The United States has approximately 2.2 million people in uniform, making up the air force, the army, the navy, and the marine corps. Although each service has its own mission, many functions overlap. The duties of America's armed forces are to defend the United States, deter nuclear war, protect Western Europe from attack, provide forces in support of U.S. foreign policy, and ensure freedom of the seas.

A Six-Point Plan

According to the Department of Defense, the six basic operations of U.S. security assistance programs are:

- **to promote Middle East peace**
- **to enhance cooperative defense and security**
- **to deter and combat aggression**
- **to promote regional stability**
- **to promote key interests through foreign military sales, cash sales, and commercial military exports**
- **to promote professional military relationships through grant training**

U.S. Nuclear Strategy. The United States maintains a large arsenal of nuclear weapons to deter not only a conventional attack, but also a nuclear strike. Our nuclear defense forces are based on a three-part, or *triad* system of land-based intercontinental ballistic missiles (ICBMs), long-range bombers, and submarines carrying nuclear missiles. The triad ensures that if an enemy attacks American land-based missiles, the United States will still have enough bombers and submarine-launched ballistic missiles (SLBMs) to destroy the attacker.

When the United States was the only country that had nuclear weapons, it used the threat of nuclear attack to deter other nations from starting a war. American leaders promised that they would respond to an attack against the United States or its allies with a full nuclear attack. They believed that the nuclear threat was essential to counter the tremendous size and strength of the Soviet army. Building nuclear weapons was much cheaper than maintaining an army large enough to repel an attack by the Soviet Union. But when the Soviets developed their own nuclear weapons, American military planners realized that a nuclear offensive on the Soviet Union could result in a Soviet nuclear strike against American cities. This fear led to a new realization: The nuclear capability of the Soviet Union and the United States could deter each nation from attacking the other.

Until recently, the foundation of U.S. nuclear policy was "mutually assured destruction" (MAD). Under this concept, we assumed that no country would start a nuclear war knowing that it too would be destroyed. Defense strategists still operate under the concept of nuclear deterrence, but they no longer believe an all-out nuclear attack is likely. Instead, they believe it is more probable that both countries would exchange a series of nuclear attacks on individual military targets until one side gives in. Critics of U.S. nuclear strategy fear that an exchange of nuclear attacks would not be limited to military targets and that such conflicts inevitably would escalate into all-out nuclear war. They want the United States to agree that it will not use nuclear weapons unless another country uses them against us first.

Global Military Spending

In 1987, military spending worldwide was $930 billion. Of this figure, the United States spent $293 billion, and the Soviet Union spent $260 billion. Together, the two superpowers accounted for 59 percent of the world's total military spending.

The Defense of Allies. The defense of Western Europe is important to the United States. Some military experts believe that a third world war could start there. The United States maintains a force of more than 300,000 troops in Western Europe and spends billions of dollars for its defense. In addition, the United States belongs to the North Atlantic Treaty Organization (NATO), a military alliance that includes Canada, most of Western Europe, Greece, and Turkey. The Soviet Union belongs to a similar alliance, the Warsaw Pact, that includes East Germany, Poland, Hungary, Czechoslovakia, Romania, and Bulgaria. The conventional forces of the Warsaw Pact are larger than NATO's. Therefore, the United States has contingency plans to send additional forces to Europe in case of crisis.

In addition to protecting its NATO allies, the United States is also committed by treaty to defend other allies around the world, including Japan, South Korea, and many Latin American countries.

Projection of Force. During the Cold War years of the 1950s and 1960s, the United States often used military force to support troubled pro-American governments, especially those fighting a communist-backed invasion or insurrection. In 1950, when the army of communist North Korea invaded the noncommunist country of South Korea, the United States entered the war—along with a United Nations "police force"—to defend the South Koreans. In 1954, when it appeared that the army of communist revolutionary Ho Chi Minh would take over Vietnam, the United States entered what proved to be a 21-year war with immense human and monetary costs. Perceptions of a communist threat also led to U.S. intervention in Guatemala (1954), Lebanon (1958), Cuba (1961), and the Dominican Republic (1965).

The United States became more reluctant to "flex its muscles" after the Vietnam War. But when Iranian rebels took over the American embassy in Tehran and the Soviet Union invaded Afghanistan in 1979, the United States renewed its commitment to a military that was capable of protecting U.S. interests around the world. President Ronald Reagan frequently used military force to support allies throughout the world. For example, the Reagan administration ordered ships, planes, and army units to Central America to conduct maneuvers to demonstrate U.S. commitment to its allies in the region. In 1982, President Reagan sent marines to Lebanon to police a cease-fire in that country's civil war. The cease-fire was brief, and Lebanese factions frequently attacked the marines, viewing them as interlopers. The worst attack was a suicide terrorist bombing that killed 241 people at the marine headquarters. The marines were withdrawn to avoid further casualties.

USMC/Department of Defense

In 1983, U.S. Marines were sent to Beirut to help keep peace during the Lebanese civil war. Some of the warring factions saw the marines as intruders and attacked the American forces. The worst attack came in October 1983, when a suicide bomb killed 241 American marines.

A more successful use of force was the U.S. invasion of Grenada in 1983. The assault by U.S. marines and army rangers was prompted by a left-wing coup and the possibility that American citizens on the island might be in danger. U.S. forces took over Grenada and set up a pro-American interim government until elections could be held. However, many American allies condemned the invasion because they believed that the United States was relying too heavily on military solutions to international problems.

The War Powers Act. The Constitution names the president as commander-in-chief of the military, but gives Congress the power to declare war. Since the end of World War II, presidents have sent U.S. military forces to other countries on several occasions without a declaration of war. In the aftermath of the Vietnam War, Congress passed a law—over the objections of President Richard Nixon—giving Congress more control over the use of troops by the president. The War Powers Act of 1973 requires the president to advise Congress before sending troops to a potential combat zone, places a time limit on the use of troops without approval from Congress or a declaration of war, and gives Congress the power to order the president to bring the troops home.

The War Powers Act has sparked controversy ever since it was passed. Members of Congress believe that the use of the military should not be left solely to presidents and their advisors. Presidents argue that international crises are too complex and too sudden to let Congress have more than a limited voice in foreign affairs. Presidents also note that during a crisis they are the only ones who receive all the detailed information needed to decide whether to use military force. They also contend that congressional involvement restricts presidents unnecessarily, delays American action, and might lead to the disclosure of top-secret information.

Reagan's Defense Buildup. After America's withdrawal from Vietnam, U.S. military spending was cut. However, critics of defense budget cuts argued that the United States was falling behind the Soviet Union in military strength. When President Reagan took office in 1981, he promised to modernize and strengthen U.S. military forces. In 1981, the annual defense budget was $180 billion. By 1988, it had grown to $292 billion. During the first six years of the Reagan administration, Congress appropriated more than $2 trillion for defense. Much of this money was used to purchase ninety new warships, 4,000 tanks, hundreds of modern aircraft, and to develop the new MX nuclear missile.

STRATEGIC DEFENSE INITIATIVE
DEPARTMENT OF DEFENSE

Strategic Defense Initiative

In 1983, President Ronald Reagan proposed developing and building a space-based nuclear defense system called the Strategic Defense Initiative (SDI). If perfected, SDI would shoot down high-altitude missiles before they reached their targets. The development of SDI has complicated arms control negotiations with the Soviet Union and caused controversy in the United States.

Department of Defense

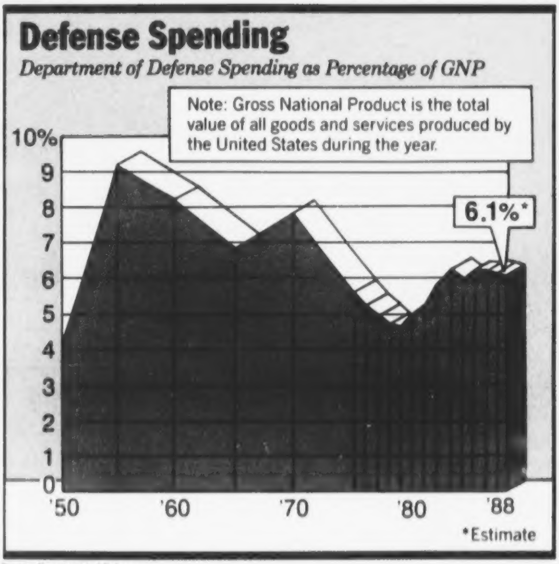
The 1983 invasion of Grenada was the first large-scale American military operation since the Vietnam War. Although most Grenadians supported the action, some nations criticized the invasion as an American attempt to control the government of a neighboring country.

Current Issues

The Defense Budget. After six years of increased military budgets, Congress curtailed military spending in 1987. Many members of Congress said that the United States could no longer afford skyrocketing expenditures for defense. The military now faces the prospect of more budget cuts in the years to come.

Those who advocate cuts in defense spending say that the military should not be immune from the fiscal restraint necessary to reduce the federal deficit. Budget cutters contend that there is much waste in military spending. They claim the Pentagon has spent large amounts of money on weapons that do not work or are prone to break down. They also cite overcharges by military contractors, such as a $436 bill for a hammer that costs $7, or $36.77 for a $1.09 machine screw. Finally, those who advocate less defense spending say that the Pentagon has achieved many of the goals of the defense buildup started by President Reagan. They say the country needs to concentrate on solving domestic problems such as housing, education, and crime.

Although the amount of dollars spent on the military has risen during the last thirty years, defense spending as a percentage of our nation's economic output has not.



Defense Spending

Department of Defense Spending as Percentage of GNP

Note: Gross National Product is the total value of all goods and services produced by the United States during the year.

*Estimate

Source: Department of Defense

Experts who oppose a decrease in military spending say that budget cutters are focusing too much attention on dollars and far too little on the question of whether the nation is adequately maintaining its national security and deterring aggression. Opponents of defense cuts say that defense is the one area of the budget that the nation can least afford to shortchange. They claim that cuts in the military budget threaten national security and that cutting defense spending places the United States at risk of falling behind the Soviet Union militarily. Furthermore, budget cuts reduce salaries for military personnel, which lowers morale in the armed forces and makes it difficult to recruit and keep the most qualified people. Less money would force the Pentagon to delay purchases of new weapons, slow the upgrading of older planes, ships, and military housing, reduce spending for weapons research and development, and decrease the number of American soldiers on duty around the world.

Strategic Defense Initiative. In 1983, President Reagan proposed that a new military project be undertaken—a missile defense system in space.

He said that the Strategic Defense Initiative (SDI) would shoot down enemy missiles before they reached American soil.

SDI has created controversy. First, many scientists believe that SDI technology is still in its infancy and that it is too complex to build. Second, SDI will not stop low-flying missiles or bombers, only high-altitude intercontinental ballistic missiles (ICBMs). Third, SDI will start an expensive arms race in space and put further strain on the national budget. (Some experts predict that SDI will cost $1 trillion to develop, but many others believe that the final costs will be much higher.) Fourth, critics say that SDI will upset the existing balance of nuclear deterrence because it will give the United States a significant military edge over the Soviet Union.

Supporters of the Strategic Defense Initiative argue that it would be a purely defensive system that would lessen the threat of nuclear war. Rather than rely on the fear of massive destruction, the United States can use advanced technology to prevent nuclear war. Moreover, SDI will encourage the Soviets to take arms reduction negotiations more seriously. In any event, supporters say that research on a space-based antimissile system must go forward as a hedge against similar Soviet developments.

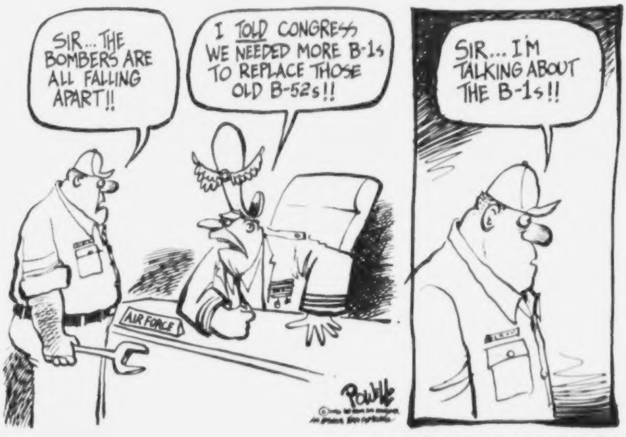
Department of Defense

Experts who oppose a decrease in military spending claim that further budget cuts will reduce salaries for military personnel. They say that lower salaries will make it more difficult to recruit and keep the most qualified people in the armed forces.

The B-1 Bomber. In 1982, President Reagan revived the program to build the B-1 bomber. Supporters of the B-1 hail it as crucial to the defense of the United States. The technologically sophisticated B-1 will replace the aging B-52 bomber as the nation's main nuclear missile-carrying airplane. As designed, the B-1 is superior to other bombers because of its ability to fly very fast at low altitude. This feature would allow the plane to enter enemy airspace without radar detection and destroy strategic targets.

When Congress approved funding for the B-1 bomber, it imposed a strict budget ceiling of $28.3 billion for the purchase of 100 planes and a tight deadline for their delivery. The B-1 bomber entered the air force arsenal in September 1986, on time and within budget restrictions. But the air force soon found that the plane was riddled with problems. The B-1 had difficulty flying at low altitude—its intended purpose. Its sophisticated electronics system, designed to allow it to escape radar detection, did not work. Fuel tanks leaked, bomb doors did not open, and a computerized maintenance system proved unreliable. In September 1987, a B-1 bomber crashed after colliding with birds during a low-altitude training flight, killing three crew members.

Critics term the B-1 bomber an expensive disaster. They cite the B-1 bomber program as an example of Pentagon mismanagement. The Defense Department failed to adequately oversee contractors who were building the plane. Investigators from the General Accounting Office (GAO) found many instances of shoddy record-keeping and financial irregularities. And the hectic production schedule did not allow adequate time to test all of the B-1's sophisticated equipment. As a result, some experts claim that the plane was defective from the time it rolled off the assembly line. Critics of the B-1 say that the Pentagon spent more than $28 billion of taxpayers' money on a plane that cannot fly. They contend that further production of the B-1 should stop until all the problems with the plane are resolved.


SIR... THE BOMBERS ARE ALL FALLING APART!!
I TOLD CONGRESS WE NEEDED MORE B-1s TO REPLACE THOSE OLD B-52s!!
SIR... I'M TALKING ABOUT THE B-1s!!
AIR FORCE
Powle

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Air force personnel acknowledge problems with the B-1, but claim that such problems are not unexpected. Supporters of the plane point out that all new weapons systems undergo a "break-in" period before they work perfectly. They contend that the flight crews and ground support personnel must be thoroughly retrained to deal with such a highly technical plane as the B-1. Proponents of the B-1 say the plane is operational and production should not stop. The air force contends that despite its problems, the B-1 is a revolutionary aircraft—it has broken four world speed records—and is necessary to maintain national security.

Outlook

Over the next few years, U.S. military planners face tough challenges. They will need to develop a defense strategy that takes into account the changing global power structure, the possibility of a nuclear confrontation with the Soviet Union, and the nation's ability to engage in non-nuclear regional conflicts. But military planners will have to adapt to changing times with fewer dollars. Budget constraints and problems with new weapons systems, such as the B-1 bomber, make it likely that Congress will impose strict oversight on military spending. The budget deficit makes it unlikely that the Pentagon will be able to afford all of the personnel and hardware it deems necessary for the country's defense in the coming years. Finally, Americans will continue to debate what constitutes an adequate defense for our country, what our military obligations to our allies are, and how much we are willing to pay for both.

The Debate Defense

Should the Defense Budget Be Increased?

PRO

The government's first priority is to protect the national security of the United States. A strong military force requires additional funds every year. We need the most advanced weapons and the most highly-trained military possible to deter Soviet aggression. The cost of new weapons is not excessive and should not be an issue when the nation's survival is at stake.

CON

We are already spending too much money for defense. We are contributing to the federal budget deficit by spending more and more of our resources on needless ships, tanks, guns, airplanes, and nuclear weapons. Furthermore, the Pentagon wastes billions of dollars every year on overpriced weapons and parts. The money would be better spent on solving some of the nation's domestic problems such as poverty, housing, or crime.

Should the United States Develop the Strategic Defense Initiative?

PRO

We cannot rely on the policy of mutually assured destruction (MAD) forever. The Soviets are building advanced missile and defense systems, which threaten to overwhelm U.S. forces. A ballistic missile defense system in outer space can be built, given time and money, and would protect the United States from a Soviet nuclear attack. This defense system would allow us to live without the fear of nuclear destruction.

CON

The Strategic Defense Initiative (SDI) is an impossible dream. No space defense system could be 100 percent effective because no system could stop missiles fired from submarines or launched from airplanes. If we begin building SDI, we will start a new arms race in space that will cost billions of dollars. SDI would also violate our promise under the first Strategic Arms Limitation Talks (SALT I) Treaty not to build antiballistic missile systems.

Should Congress Have the Power to Block the Use of Military Force by the President?

PRO

Every president since World War II has sent troops into combat situations without a congressional declaration of war. The authors of the Constitution intended that the president and Congress should share war-making powers, because they feared putting too much power into the hands of the president alone. If Americans are going to die in faraway places, then they should have a voice—through their elected representatives in Congress—in deciding when and where they will go.

CON

If Congress does not approve of the president sending U.S. troops to fight somewhere, it can bring them home by cutting off the money to pay for the war. But congressional interference in foreign affairs would do the country great harm. Allies and enemies alike would be unsure whether U.S. troops would stay and fight. The United States must speak with one voice, and that voice must belong to the president—the only person with all the information needed to make urgent foreign policy decisions.

Central America

The 1987 Nobel Peace Prize was awarded to Oscar Arias Sanchez, president of Costa Rica. President Arias is the main architect of a new Central American peace plan, which revived hope for reconciliation efforts in this war-torn, poverty-stricken region. The peace treaty was signed in Guatemala on August 7, 1987, by the presidents of Nicaragua, Honduras, Guatemala, El Salvador, and Costa Rica. The plan—known as the *Guatemala Accord*—calls for a cutoff of all foreign aid to rebel groups, negotiated settlements of guerrilla wars, amnesty for political prisoners, a free press, and free elections.

However, the situation remains critical throughout Central America. El Salvador is on the verge of renewed fighting in its 9-year-old civil war; Guatemala still awakens to reports of death squad assassinations; the Honduran economy is threatened with collapse. Only Costa Rica, with a strong democratic tradition, remains stable.

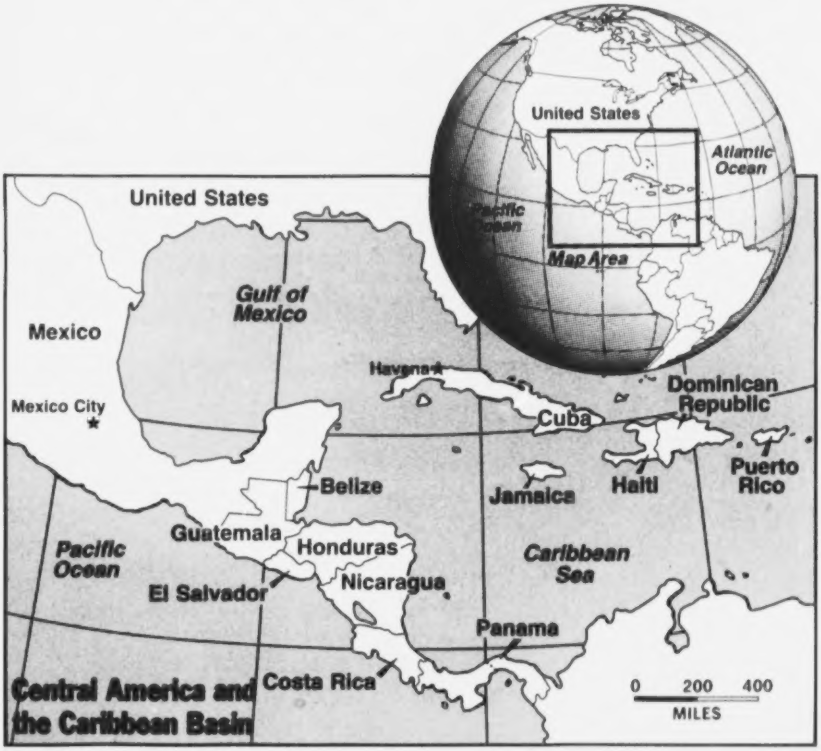
Most observers agree that the signing of the Guatemala Accord signals a new determination to find a Central American solution to Central American problems. But many questions remain to be answered: Does Arias have the moral authority to make his peace plan work? And what will be the policies of the new U.S. president toward a region we have always considered to be "our own backyard?"

Key Questions

- Should the United States emphasize military aid—rather than economic aid—to Central America?
- Should the United States support the *contras?*
- Should the United States negotiate with the Sandinistas?

Background

Cuba and the Countries of Central America. The countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) have similar histories. Over the years, these countries have suffered from foreign intervention and, more recently, from repressive governments. Economic and political power has been concentrated in the hands of a small number of people, often the military. None of the countries of Central America has a strong tradition of representative government, except Costa Rica, which has no army and has had an elected government since 1948.


Central America and the Caribbean Basin

United States
Atlantic Ocean
Pacific Ocean
Map Area
United States
Gulf of Mexico
Mexico
Mexico City
Havana
Cuba
Dominican Republic
Puerto Rico
Haiti
Jamaica
Belize
Guatemala
Honduras
Pacific Ocean
El Salvador
Nicaragua
Caribbean Sea
Panama
Costa Rica
0 200 400
MILES

Although Cuba is not part of Central America, it has had a tremendous impact on the region. Cuba's 1959 revolution and its defiance of the United States have been an inspiration to many revolutionary groups in the region.

Cuba. During the first half of this century, Cuba was almost an American colony, the playground of America's rich. But most Cubans lived in extreme poverty. The government of pro-American dictator Fulgencio Batista, who ruled from 1952 until 1959, was harsh and corrupt, and set the stage for Fidel Castro's takeover in 1959. Leftists quickly came to dominate Castro's government, instituting a program of sweeping economic and social change. Many of Castro's opponents were either imprisoned or killed. Others emigrated to the United States. In the first years of the Castro government, some 700,000 Cubans fled to the United States.

By 1960, Castro's belligerent anti-Americanism and his growing ties with the Soviet Union had seriously strained relations between the United States and Cuba. When Castro seized American assets in Cuba, President Dwight D. Eisenhower retaliated by cutting trade with Cuba. Eisenhower declared that the United States would not "permit the establishment of a regime dominated by international communism in the Western Hemisphere."

Two crises completed the break with Cuba. When President John F. Kennedy took office in 1961, the Central Intelligence Agency (CIA) was already training a group of anti-Castro refugees to invade Cuba. In April of that year, more than 1,200 anti-Castro Cubans landed in the Bay of Pigs, ninety miles south of Havana, Cuba. But Castro's superior forces quickly crushed the invaders. In 1962, the United States learned that the Soviets had based nuclear missiles in Cuba. President Kennedy placed U.S. military forces on alert and blockaded the island until the missiles were removed.

Today, Cuba is a close ally of the Soviet Union and receives approximately $4 billion annually in

Reuters/Bettmann Newsphotos

Fidel Castro, leader of Cuba since 1959, was the first revolutionary in the Caribbean Basin to successfully challenge U.S. dominance of the region. Many U.S. leaders believe that Castro is encouraging communist revolution in Central America.

Soviet aid. The United States maintains that Cuba supports revolution in Central American countries by supplying military equipment to antigovernment rebels in the region.

Nicaragua. In 1909, the United States sent a naval force to intervene in Nicaragua after two Americans were executed. U.S. marines stayed in Nicaragua off and on until 1933. Before leaving, the marines trained General Anastasio Somoza Garcia to lead a national guard. Somoza used the guard to assassinate guerrilla leader Augusto Sandino, to overthrow liberal President Juan Batista Sacassa, and to establish a military dictatorship. During the next forty-five years, three Somozas ruled Nicaragua—Anastasio Somoza and his two sons, Luis Somoza Debayle and Anastasio Somoza Debayle. The Somozas were so undemocratic and corrupt that, by 1978, many Nicaraguan peasants, business leaders, and members of the middle class had ceased to support the regime.

The Sandinistas. On July 20, 1979, after a two-year civil war, the Somoza regime was overthrown by a popular opposition movement made up of a pro-communist group—known as the Sandinista National Liberation Front—and several other political factions representing both the poor and the middle class. A new Government of National Reconstruction was formed. Although the Sandinistas played a major role, the new gov-

Reuters/Bettmann Newsphotos

Daniel Ortega was one of the leaders of the Government of National Reconstruction after the Sandinistas took control of Nicaragua. In 1984, Ortega was elected president of Nicaragua, although the U.S. government dismissed the election as fraudulent. Ortega currently faces a massive economic crisis—the annual inflation rate in Nicaragua is more than 1,500 percent.

ernment included representatives of the private business sector and the middle class. The new government said it would spurn "American-style" capitalism and "Soviet-style" communism and follow a third way: a part-socialist and part-capitalist economy with political pluralism—many political groups instead of one.

Despite strong U.S. opposition and a continuing war with antigovernment rebels *(contras)*, the Sandinista government has remained in power, achieving significant reforms in education and land ownership. The Sandinistas have also held elections, although the United States considered them to be fraudulent. Meanwhile, Nicaragua has established strong ties to Cuba and the Soviet Union. The Soviet Union gives Nicaragua between $2 and $3 million a day in military and economic aid. In response to Nicaragua's procommunist government, the United States enacted a trade embargo against the Sandinistas and has strongly backed the *contra* forces.

Today Nicaragua faces severe economic problems. The nation has an annual inflation rate of 1,500 percent and the government has come under intense internal pressure to improve the economy. In 1987, Nicaraguan President Daniel Ortega joined the leaders of four other Central American countries in signing the Guatemala Accords in the hope that political stability in Central America will bring about economic growth in Nicaragua.

El Salvador. Most of El Salvador is divided between the very rich and the very poor. Until recently, more than 85 percent of the tillable land belonged to 5 percent of all the landowning families. The wealthiest of these—known as the fourteen families—were closely aligned with right-wing military officers who ruled El Salvador for nearly fifty years.

In October 1979, the United States backed a bloodless coup by moderate military officers who intended to take power away from the fourteen families and the military to establish a reform-oriented civilian government. By March 1980, a government of Christian Democrats—led by Jose Napoleon Duarte—had decreed the Basic Law of Agrarian Reform. The decree established a gradual three-phase program to break up the larger and medium-sized estates, organize agricultural cooperatives, and give land to tenant farmers.

But some leftist members of the new government wanted the large estates broken up immediately and left the government in protest. They believed that conservative politicians and the military still controlled the government. This departure touched off a wave of demonstrations, and armed rebellion followed. Meanwhile, right-wing extremists opposed to the government's land reform policy organized "death squads" that murdered and terrorized those opposed to the right-wing policies. Many military officers and soldiers were accused of joining the death squads. The Duarte government was caught between the left- and right-wing forces.

Elections for a constituent assembly—a legislative body similar to the U.S. Congress—were held in 1982. Most left-wing rebel groups refused to participate. Duarte's moderate Christian Democratic party received 40 percent of the overall vote, but four rightist groups shared the remaining 60 percent and formed a coalition. Critics accused the coalition of blocking Duarte's policy of land reform and encouraging the death squads, despite warnings that the United States might cut off economic and military aid. In 1984, Duarte was elected president, and in 1985, the right-wing political groups suffered a strong defeat in elections for the constituent assembly.

El Salvador's ongoing civil war has taken a heavy toll on the country. More than 60,000 people, mostly civilians, have been killed, and nearly one-tenth of the population now lives in exile or in refugee camps. In an effort to end the conflict, Duarte and rebel leaders held negotiations in 1986, but the talks collapsed. Partly because of these failures, Duarte has lost much of his popularity. In addition, conflicts among members of Duarte's Christian Democratic party threaten to destroy the party's fragile hold on the

National Assembly in future elections and could jeopardize the political and economic changes Duarte has instituted.

Guatemala. Since 1954, assassinations and political violence have been the norm in Guatemala. The occasional elections were subject to widespread fraud by the government in power. On March 7, 1982, the presidential election was won by General Angel Ambal Guevara, the handpicked successor of the former dictator, Fernando Romeo Lucas Garcia. Many people suspect that Guevara won the election by fraud.

Two weeks after the election, Guevara was overthrown in a military coup. His successor, General Efrain Rios Montt, was overthrown 18 months later and replaced by another army general, Oscar Humberto Mejia Victores. In 1985, the Guatemalan people elected a civilian president, Vinicio Cerezo Arevalo.

Many people hoped that Cerezo would encourage social reform and end political violence. But Cerezo refused to prosecute any army officers for past murders or political crimes. By 1987, Guatemala averaged 170 murders a month, most of them politically motivated. In response to continued reports of repression and murder by the armed forces, the United States refuses to send military aid to Guatemala.

Honduras. Despite a weak economy and the turmoil of its neighbors, Honduras has remained relatively quiet. While some officials attribute this stability to the democratically elected civilian president, Jose Azcona Hoya, others believe that stability in Honduras is due to a strong U.S. presence within its borders.

The United States has promised to defend Honduras in case of attack. Since 1983, there have been more than 1,000 U.S. troops permanently stationed in Honduras. In the last five years, the U.S. army has staged numerous military exercises in Honduras. The U.S. army has also built airfields and bases for possible use by the U.S. troops and established training facilities for the Honduran army. In addition, the United States has used Honduras as a base for the infiltration of thousands of *contras* into Nicaragua.

The continued U.S. presence in Honduras places the country in a difficult position. Although U.S. military personnel have pumped money into the Honduran economy, critics claim that a continued U.S. presence there could lead to a war between Honduras and Nicaragua.

National Portrait Gallery, Smithsonian Institution Washington, D.C.

In 1823, President James Monroe announced that the United States would regard any attempt by European countries to reestablish colonies in the Americas, or to intervene in the affairs of the Americas, as an act of hostility. This pronouncement, which became known as the Monroe Doctrine, demonstrated the United States' resolve to defend its interests in Latin America.

U.S. Foreign Policy

Monroe Doctrine (1823). In the early 1800s, many Spanish colonies in Central America and South America fought for and achieved independence. In 1823, President James Monroe informed the world that the United States would regard any European attempt to reestablish colonies in the Americas or to intervene in the affairs of the Western Hemisphere as an act of hostility. The principle that the United States would defend its interests in Latin America was the foundation of U.S.-Latin American policy until the 1947 Inter-American Treaty of Reciprocal Assistance. This treaty says that if an outside nation attacks any country in the Americas, other American nations are obligated to provide assistance.

Spanish-American War (1898) and the Platt Amendment (1901). Although the United States fought the Spanish-American War in part to help Cuba achieve independence from Spain, it also hoped to gain influence in Cuba after the war. In 1901, Congress passed the Platt Amendment, which later became part of a treaty with Cuba. The amendment gave the United States access to naval bases on the island and authorized the United States to intervene in Cuba "when necessary." The United States invaded Cuba in 1906 and in 1917, establishing a precedent for intervention in other parts of Latin America.

Dollar Diplomacy (1912). The expression "dollar diplomacy" came from a speech by President William Howard Taft, who said that U.S. interests in Latin America could best be served by "substituting dollars for bullets." American businesses began to invest heavily in plantations, mines, and factories in Latin America. With these investments came substantial influence over regional governments. However, dollar diplomacy also led to military intervention when American business interests felt threatened.

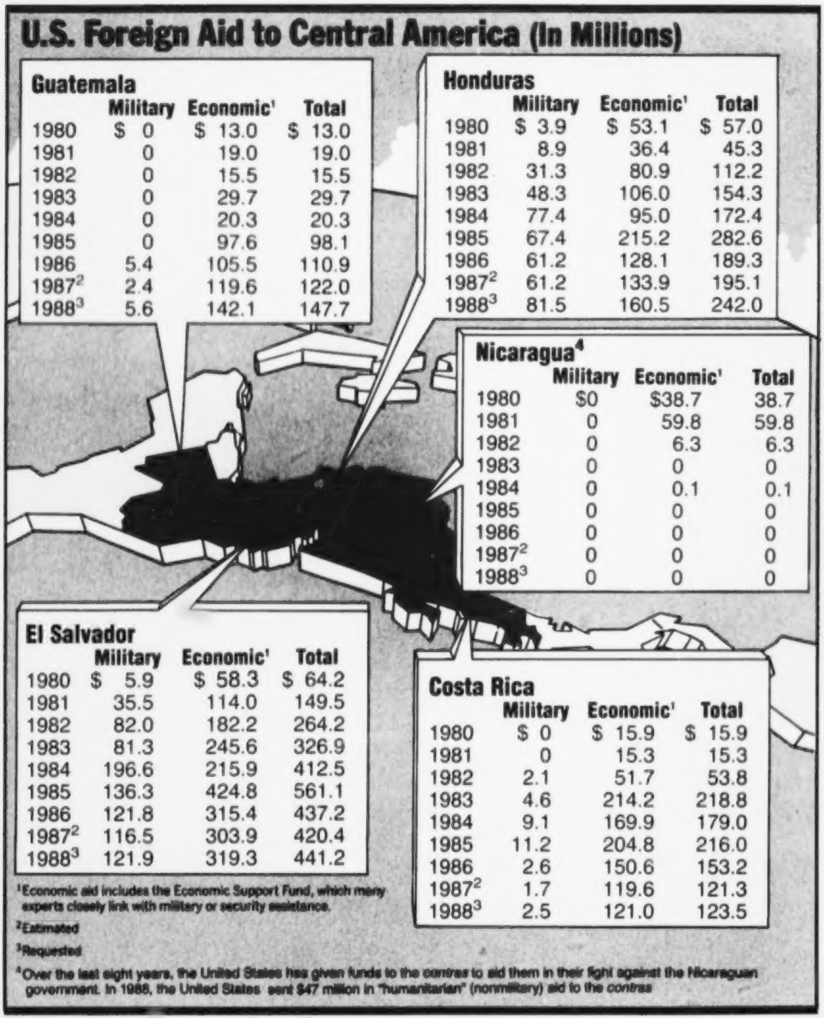
Good Neighbor Policy (1933). President Franklin Roosevelt sought better relations with Latin America. He replaced dollar diplomacy with a "good neighbor policy." President Roosevelt pledged that the United States would cooperate politically and economically with Latin America and would not intervene in any country's domestic affairs.

Anticommunist Interventions. During the Cold War years following World War II, the good neighbor policy gave way to interventionism to protect U.S. national security interests. The most blatant examples of interventionism were the 1954 coup against reformist President Jacobo Arbenz Guzman in Guatemala and the 1961 Bay of Pigs invasion of Cuba. U.S. marines also invaded the Dominican Republic in 1965.

U.S. Aid to Central America. Fidel Castro's takeover of Cuba in 1959 shocked the United States. American business and government leaders had taken for granted their control over Cuba and Central America. But now a new element—communist insurgency—threatened U.S. dominance.

To avoid another "Cuba," President Dwight Eisenhower developed a two-track policy to give military and economic aid to Central America. He hoped that the aid would help the poor and lessen the likelihood that they would support radical political change.

In the 1960s, President John Kennedy created the Alliance for Progress, an economic aid program that provided funds for roads, schools, hospitals, and water projects. But the aid did not put



U.S. Foreign Aid to Central America (In Millions)

Guatemala

	Military	Economic[1]	Total
1980	$ 0	$ 13.0	$ 13.0
1981	0	19.0	19.0
1982	0	15.5	15.5
1983	0	29.7	29.7
1984	0	20.3	20.3
1985	0	97.6	98.1
1986	5.4	105.5	110.9
1987[2]	2.4	119.6	122.0
1988[3]	5.6	142.1	147.7

Honduras

	Military	Economic[1]	Total
1980	$ 3.9	$ 53.1	$ 57.0
1981	8.9	36.4	45.3
1982	31.3	80.9	112.2
1983	48.3	106.0	154.3
1984	77.4	95.0	172.4
1985	67.4	215.2	282.6
1986	61.2	128.1	189.3
1987[2]	61.2	133.9	195.1
1988[3]	81.5	160.5	242.0

Nicaragua[4]

	Military	Economic[1]	Total
1980	$0	$38.7	38.7
1981	0	59.8	59.8
1982	0	6.3	6.3
1983	0	0	0
1984	0	0.1	0.1
1985	0	0	0
1986	0	0	0
1987[2]	0	0	0
1988[3]	0	0	0

El Salvador

	Military	Economic[1]	Total
1980	$ 5.9	$ 58.3	$ 64.2
1981	35.5	114.0	149.5
1982	82.0	182.2	264.2
1983	81.3	245.6	326.9
1984	196.6	215.9	412.5
1985	136.3	424.8	561.1
1986	121.8	315.4	437.2
1987[2]	116.5	303.9	420.4
1988[3]	121.9	319.3	441.2

Costa Rica

	Military	Economic[1]	Total
1980	$ 0	$ 15.9	$ 15.9
1981	0	15.3	15.3
1982	2.1	51.7	53.8
1983	4.6	214.2	218.8
1984	9.1	169.9	179.0
1985	11.2	204.8	216.0
1986	2.6	150.6	153.2
1987[2]	1.7	119.6	121.3
1988[3]	2.5	121.0	123.5

[1] Economic aid includes the Economic Support Fund, which many experts closely link with military or security assistance.

[2] Estimated

[3] Requested

[4] Over the last eight years, the United States has given funds to the contras to aid them in their fight against the Nicaraguan government. In 1988, the United States sent $47 million in "humanitarian" (nonmilitary) aid to the *contras*

Source: Agency for International Development and the Washington Office on Latin America

an end to social and economic inequalities in the region. Many Central Americans knew that great sums of money were being spent in their countries, but because of political corruption and government mismanagement, they saw little improvement in their own lives. Many became disenchanted with the prospects for democratic change and became receptive to the idea of revolution.

Human Rights. During the mid-1970s, President Jimmy Carter and many liberal Democrats in Congress led the way in making human rights—rather than anticommunism—the cornerstone of U.S. foreign policy. President Carter said that no country "can claim that the mistreatment of its citizens is only its own business." He threatened to cut foreign aid to any country that continued to abuse its citizens and stopped military aid to Argentina, Chile, El Salvador, Guatemala, and Nicaragua.

Reagan's Policies Toward Central America. In the 1980s, President Reagan moved U.S. foreign policy initiatives away from the Carter administration's emphasis on human rights in favor of containing the spread of communism throughout the Western Hemisphere. President Reagan believed that U.S. security interests were directly threatened by communists operating in Central America with the support of Cuba and the Soviet Union. To prevent communist rebels from gaining power, he believed the United States should strengthen its presence in the region and supply large amounts of economic and military aid to U.S. allies in Central America.

Caribbean Basin Initiative. In 1982, Congress approved Reagan's Caribbean Basin Initiative—a six-point economic plan for the area—to combat "poverty and the sense of hopelessness that comes with it." The plan gave large amounts of economic aid to the region, special duty-free status to products made in the Caribbean, and tax incentives to American businesses that invested in the region. However, nations would benefit from this plan only if they lowered tariffs on American products and cooperated militarily with the United States.

Increasing Aid to Central America. In 1984, President Reagan asked Congress to approve an additional $8.3 billion in economic and development aid for Central America over the next five years. He also proposed additional military aid, most of which was for El Salvador. President Reagan received mixed support for this plan. The president hoped that the economic aid would counter years of social injustice and prevent civil war. However, some policymakers disagreed. They feared that the aid would not lead to economic change, but instead would reinforce the existing economic system.

During the last three years of his presidency, President Reagan focused his attention on Nicaragua. In 1986 and 1988, Reagan asked Congress to approve millions of dollars in military and nonlethal "humanitarian" aid for the *contra* forces fighting the Sandinista government. In 1986, Congress was divided over the president's request but eventually approved $100 million—$70 million in military aid and $30 million in humanitarian aid for the *contras*. In 1988, Congress rejected *contra* aid by a narrow margin. Despite the defeat, President Reagan vowed to work with Congress to seek other ways to aid the Nicaraguan rebels.

The Iran/*Contra* Affair. In November 1986, Attorney General Edwin Meese revealed that a White House staff member, Lieutenant Colonel Oliver North, had secretly sent millions of dollars to the *contras* in Nicaragua. According to Meese, North had diverted profits from secret arms sales between the United States and Iran to the rebels. This diversion of funds came at a time when Congress had banned U.S. aid to the *contras*. Further details revealed that between 1984 and 1986, administration officials had organized a secret network of private citizens and foreign government officials to fund the *contras*. The resulting scandal damaged public confidence in the president and jeopardized future funding for the *contras*.

In response to the scandal, Congress created two special bipartisan committees to investigate the secret *contra* funding network. The committees were to examine whether laws were broken in funding the *contras*, if there was a "cover-up" of evidence after the Iran/*contra* "connection" was revealed, and if high-ranking government officials, including the president, were involved in providing money for the *contras*.

UPI/Bettmann Newsphotos

Lt. Col. Oliver North testifying before the congressional committees investigating the Iran/*contra *affair. North, along with former National Security Advisor John Poindexter and two others, was indicted in 1988 by a federal grand jury on charges of conspiring to defraud the government and covering up illegal activities. North vowed to fight the charges.

After lengthy televised hearings, the committees issued their report. The report concluded:

- that the Iran/*contra* affair stemmed from White House "secrecy, deception, and a disdain for the rule of law;"
- that senior administration officials showed "a pervasive willingness to use any means, legal or otherwise, to accomplish the president's policy objectives;" and
- that President Reagan himself was responsible for failing to instill respect for the law among his subordinates, and for creating an environment that tolerated its abuse.

The committee's report also found that Colonel North's activities had the approval of his superiors, including National Security Advisors Robert McFarlane and John Poindexter. The committees also concluded that the administration deliberately misled Congress by attempting to cover up arms shipments to Iran.

Several key members of the committee disagreed with the report's conclusions and issued a report of their own. The minority report acknowledged that President Reagan had made some mistakes, but insisted that no one in the administration broke any laws. The minority report concluded that most of the fault rested with Congress for interfering with the president's policies. However, both reports agree that due to the untimely death of CIA Director William Casey at the start of the hearings (who, some experts say, was in charge of the operation), the whole truth about the Iran/*contra* affair will never be known.

Current Issues

Does the Sandinista Government Threaten Our National Security? Many people who supported President Reagan's Central American policy believe that the Sandinistas in Nicaragua pose a "mortal threat to the entire New World." They say that the Sandinistas have given weapons to radical forces in Costa Rica, El Salvador, Guatemala, and Honduras. They also warn that if the Sandinistas are not checked, unrest and revolution could engulf Central America and Mexico. Proponents of President Reagan's policy believe that both the Soviet Union and Cuba supply the Sandinistas with military and economic aid and that Nicaragua may allow the Soviets to build a naval base there. A Soviet naval base would allow the Sandinistas to block vital sea lanes that carry almost half of our exports and more than half of our imported oil.

Opponents of this view believe that the Sandinistas do not threaten the security of the United States. They say that Nicaragua is a small country that cannot begin to match the military and economic might of the United States. In their view, the U.S. government invented a Sandinista "threat" to build public support for overthrowing a government it disliked. They claim that there is no evidence that the Soviet Union is building a naval base in Nicaragua. Moreover, critics say that Nicaragua has only taken aid from the Soviet Union and Cuba because the United States is unwilling to help. They claim that the Sandinistas are sensitive to U.S. concerns in the region. For example, after the United States pressured the Sandinistas to end their support of the antigovernment rebels in El Salvador in 1981, the flow of weapons to the rebels slowed to a trickle. Nicaragua knows that if it ever became a direct threat to U.S. interests, the United States would take decisive military action against it.

Should the United States Support the *Contras?* Many people refuse to accept the establishment of another Marxist regime in Central America. They insist that the structure of the Sandinista government must be changed. Supporters of this view want the United States to continue to give military aid to the *contras* who, they believe, offer the best hope for forcing the Sandinistas to change.

Supporters of the *contras* say that they do not seek to overthrow the Sandinista government, only to force the Sandinistas to end their repression of individual rights and allow democratic elections to be held. *Contra* supporters claim that the Sandinistas have betrayed the 1979 Nicaraguan revolution that brought them to power. The Sandinistas have harassed the Catholic church, limited the participation of competing political parties, reduced the freedom of the press, and curtailed other civil rights. Also, *contra* supporters cite reports that more and more dissatisfied Nicaraguans are joining the *contras* and warn that if we abandon the *contras*, the United States may eventually have to send American soldiers to

For more than six years, anti-Sandinista rebels—known as the* contras*—have fought to overthrow the government in Nicaragua. Although U.S. support for the* contras *has been controversial, in 1988 Congress voted to give the* contras *more than $47 million in aid for food, clothing, and medical supplies.

UPI/Bettmann Newsphotos

Central America to stop the spread of communism.

Opposition to continued U.S. support of the *contras* is strong. Some members of Congress believe that we have no right to interfere in Nicaragua simply because we disagree with policies of the Sandinista government. They say that the Nicaraguan people have a right to choose their own type of government and their own leaders. Some members of Congress are also concerned about human rights violations allegedly committed by the *contras* and wonder whether the *contras* would be harsher rulers than the Sandinistas. They point out that many *contra* leaders were members of Somoza's National Guard. Because of their affiliation with Somoza and their lack of a political program, opponents of the *contras* say the *contras* have no hope of winning against the Sandinista regime.

Plans for Peace. Many Latin American countries believe that the conflict in Nicaragua can best be solved through diplomatic means, rather than through military conflict. During the last five years, leaders from several countries have met to discuss how peace can best be achieved.

Contadora Peace Plan. In 1983, leaders from four countries—Colombia, Mexico, Panama, and Venezuela—met on the island of Contadora to draft a plan for achieving peace in Nicaragua. The Contadora peace plan calls for: (1) ending all arms imports into Central America; (2) expelling all foreign military advisors, including those from the United States; (3) prohibiting aid to guerrilla movements; (4) prohibiting foreign military maneuvers; and (5) limiting the size of Central American armies. Although the Contadora peace plan is aimed at settling the conflict in Nicaragua, all Central American countries would be bound by these terms.

Despite several meetings of the Contadora group since 1983, the Sandinistas and the United States have not agreed to the terms of this treaty. Both countries say that they will negotiate their differences only when certain conditions are met.

UPI/Bettmann Newsphotos

Costa Rican President Oscar Arias Sanchez is the main architect of a new Central American peace plan. His efforts to bring an end to war in Central America earned Arias the Nobel Peace Prize in 1987.

The United States insists that the Sandinistas must first open talks with the *contras*, while the Sandinistas say the United States must first end its support for the *contras*. This led to a stalemate in the Contadora peace process.

Guatemala Accord. In February 1987, Oscar Arias Sanchez, the president of Costa Rica, submitted a new plan for peace. This plan differs from the Contadora Plan in that it places greater emphasis on "democratization" by the Sandinista government and lays out detailed implementation procedures, including a timetable for each phase of the plan. Arias acknowledges that his plan needs refining, but that he presented it to get the peace process moving once again. President Arias was awarded the 1987 Nobel Peace Prize for his Central American peace plan.

The Guatemala Accord calls for the government of Nicaragua to: (1) declare a cease-fire with the *contras;* (2) begin direct negotiations with *contra* representatives; (3) establish a timetable for free elections; and (4) allow the opposition press to begin printing again. The plan also calls for a general amnesty for all political prisoners and the complete cut-off of aid to all rebel movements in Central America, including the *contras*. Representatives from the United Nations, the Organization of American States, and the Contadora countries would be appointed to supervise the peace plan.

Progress in implementing the Arias plan has been mixed. The only country to comply fully is Costa Rica. Talks between the Sandinistas and the *contras* have started up and broken down several times. But supporters of the plan say the important thing about the peace process is not the setbacks, but rather that this is the first time the countries of Central America have taken responsibility for creating harmony among themselves.

Many members of Congress also support the Guatemala Accord. They believe that the Contadora peace plan will not work and that the countries of Central America are in the best position to solve their own problems.

At first, the Sandinistas denounced the Arias plan as a U.S. ploy to subvert the Contadora process, which they believed to be free of U.S. influence. However, under mounting pressure from a failing economy, President Daniel Ortega signed the Arias peace plan in August 1987.

Other critics of the Guatemala Accord claim that the plan is flawed because it does not call for sanctions in cases of noncompliance. They claim that the loss of U.S. influence in the region will lead to other countries in Central America being overrun by communists.

Civil War in El Salvador. Many experts believe that peace and stability are slowly returning to El Salvador after years of civil war and terrorism. Observers say that the leftist rebels are facing defeat, the military is being reformed, and right-wing death squads are disappearing. But others fear that El Salvador's problems may be far from over.

The government of El Salvadoran President Jose Napoleon Duarte, which is supported by the United States, is still facing problems on all sides. The civil war in El Salvador is entering its tenth year, and although both the rebels and Duarte claim popular support, the conflict appears stalemated. Negotiations have broken down, and the Salvadoran government is bombing guerrilla areas. The bombing has killed hundreds of people and left thousands homeless. The rebels want the government to share power with them, reform the army, and hold new elections. Duarte says that the rebels must lay down their weapons and join the political process.

In addition to civil war, Duarte faces other political and economic problems. Many left-wing groups are critical of the slow pace of land reform, and right-wing forces are upset because the government has given cities the authority to seize private property. Meanwhile, thousands of Salvadorans are marching in protest over poor wages and benefits, while the military is pressuring Duarte to delay his political and economic reforms.

U.S. support of Duarte has drawn bipartisan support in Congress. Many members of Congress

Nicaraguan Cease-fire

On March 23, 1988, representatives from the ruling Sandinista party and the contra rebels signed a cease-fire agreement. The historic pact was the first of its kind between the two groups in more than six years. The agreement called for a 60-day cease-fire during which Sandinista and *contra* negotiators were to work out a final peace treaty.

believe that, because of Duarte, the number of human rights violations has dropped, the military is under control, and the government is trying to make democracy work. The United States promises to end its aid to El Salvador—$85 million in military aid alone in 1988—if the military ousts the popularly elected Duarte. Ending U.S. aid would throw the Salvadoran economy into a severe depression and could lead to increased civil unrest.

Outlook

Civil wars, revolutions, coups, poverty, and unjust economic and political systems have plagued Central America for many years, and the situation is not likely to improve soon. The greatest obstacles to peace appear to be mistrust and outside support to rebel groups.

The question for the United States is: Can Congress and the new administration agree on a policy to deal with injustice and political upheaval in Central America? Some Americans believe that the United States should continue to stop the spread of communism in Central America. They want Congress to renew military aid to anticommunist forces there. Others believe that the real enemies in Central America are economic and social problems that cannot be defeated with guns. They are reluctant to send increased military aid and instead believe that the Guatemala Accord provides an opportunity for Central American leaders to seek diplomatic and political solutions to their problems.

The Debate Central America

Should the United States Emphasize Military Aid—Rather Than Economic Aid—to Central America?

PRO

Economic aid is fine—when there is peace. Unfortunately, economic aid cannot fight communist rebels. Economic aid is wasted when bridges are destroyed, when food is diverted from the poor, and when crops are burned and trampled. The time to rebuild Central America is after peace is secured, and that can only happen after the communists are convinced that they cannot achieve victory.

CON

Military aid does not address the sources of conflict in Central America—poverty and social injustice. Peasants will continue to join rebel groups until Central American governments make a concerted effort to cure their society's social and economic ills. The United States should provide constructive—not destructive—support to these governments.

Should the United States Support the *Contras?*

PRO

U.S. support of the *contras* prevents the Nicaraguan government from becoming a communist base in Central America. The Sandinistas support revolutionary movements throughout the region, which threatens the national security of the United States. If the *contras* lose, the United States may be forced to send its own troops into the region to stop the spread of communism.

CON

The United States has no right to interfere in the domestic affairs of Nicaragua. Moreover, U.S. support of the *contras* pushes the Sandinistas closer to the Soviet bloc. The *contras* are led by right-wing terrorists who offer only a return to the policies of dictator Somoza. The United States must not battle injustice with injustice.

Should the United States Negotiate With the Sandinistas?

PRO

A military solution to our problems with Nicaragua is impossible. The *contras* cannot win, and the American people will never support sending U.S. soldiers to fight the Sandinistas. Negotiations, which our Latin allies support, are the only way to resolve the conflict. The Sandinistas have called for talks in the past and are willing to limit their ties with Cuba and the Soviet Union if we end our support of the *contras*.

CON

Negotiating with the Sandinistas would be a mistake. They cannot be trusted. We tried to help Nicaragua once before when we were its largest donor of aid. But the Sandinistas rebuffed us and turned to the Soviets. The Sandinistas might temporarily agree to a treaty, but they would resume their support of revolutionaries throughout Central America once we ended our aid to the *contras*. Military pressure is the only way to hold the Sandinistas in check.

The Middle East

May 14, 1948. Above the Tel Aviv Museum of Art flew the Star of David—the flag of the Jewish people in Palestine. A cheering crowd stood at the museum's entrance as Jewish officials emerged from their cars. Security guards held machine guns, as guests and dignitaries took their places inside the museum.

At the front of the room stood David Ben-Gurion, leader of the Haganah—the army of the Jewish Agency for Palestine. Ben-Gurion read a statement announcing the creation of the state of Israel. He said that the Israeli Jews "offer peace and amity to all neighboring states and their peoples and invite them to cooperate with the independent Jewish nation for the common good of all."

In neighboring countries, Arab leaders denounced the formation of Israel. They believed that the Jews had stolen land that rightfully belonged to the Palestinian Arabs. At midnight, soldiers from Jordan, Syria, Egypt, Iraq, and Lebanon invaded Israel; and at dawn, Arab planes bombed Tel Aviv. The first Arab-Israeli War had begun.

Since 1948, the Israelis and the Arabs have fought five more wars and countless smaller battles. Their conflict has dominated the Middle East and has affected countries around the world. A lasting peace has been elusive, and as the 1980s draw to a close, it appears that Israel and its Arab neighbors may be pulling even further apart.

Key Questions

- Should the United States support an independent Palestinian state?
- Should the United States insist that Israel return the occupied territories?
- Should the United States protect oil tankers in the Persian Gulf?

Background

The Major Actors in the Middle East

Israel. Israel was formed from part of the Palestine Mandate—the territory of Palestine that had been taken from the Turkish Ottoman Empire after its defeat in World War I and mandated to Great Britain by the League of Nations. Palestine then included areas now comprising Jordan, Israel, the west bank of the Jordan River (the West Bank), and the Gaza Strip.

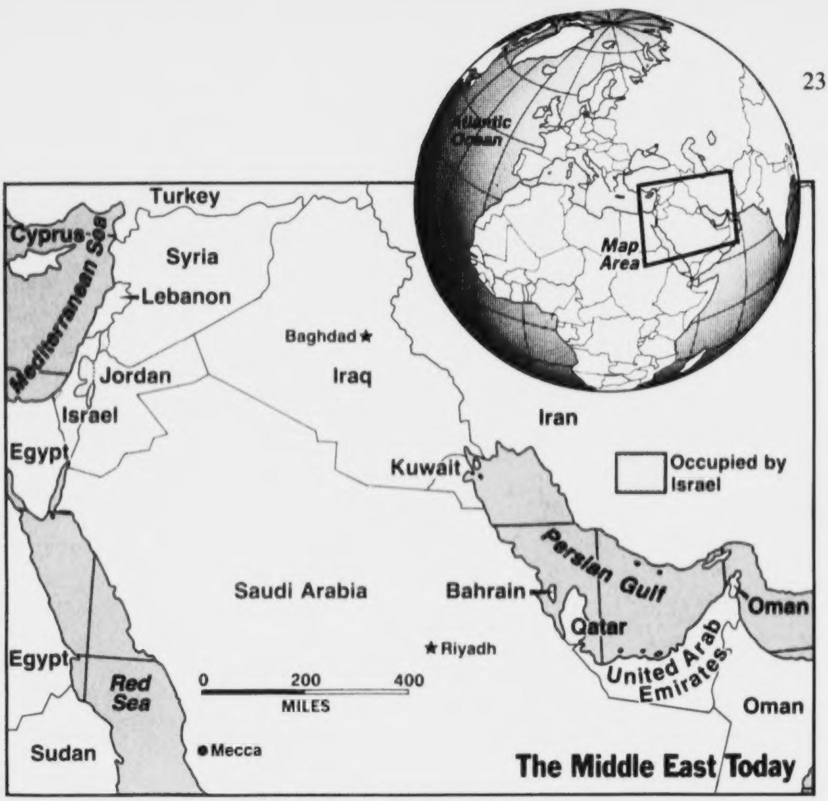
Modern Israel grew out of Zionism, a political movement founded in 1897 to establish a Jewish homeland free from anti-Semitic persecution. Twenty years later, in the Balfour Declaration, the British government agreed in principle to the establishment of such a homeland in Palestine. Tens of thousands of Jews immigrated to Palestine, joining Jews who had lived there for centuries. While the Balfour Declaration was a significant step, the major drive to establish a Jewish state grew out of the Holocaust—the attempted extermination of European Jews by the Nazis. Thousands of homeless Holocaust survivors went to Palestine after World War II. In 1947, the United Nations proposed that two states, one Arab and one Jewish, be created in the section of Palestine west of the Jordan River. On May 14, 1948, the Jewish state of Israel declared its independence.

The United States was one of the first nations to recognize the new nation of Israel. U.S. support for Israel was an outgrowth of American cultural and religious ties to Jews, the feeling of a moral obligation to help the Jews establish a homeland after the Holocaust, and the belief that the new Israeli government would be democratic. Today, the United States continues to look to Israel as its most reliable ally in the Middle East.

The Balfour Declaration

In 1917, British Foreign Secretary Arthur Balfour sent the leader of the British Zionists, Lord Rothschild, a letter. The letter, which became known as the Balfour Declaration, stated that Great Britain would support the establishment of a "national home" in Palestine for Jews if "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine."

Egypt. With more than 46 million people, Egypt is the most populous Arab country. Modern Egypt was established in 1952, when King Farouk was


The Middle East Today

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overthrown and the Republic of Egypt proclaimed. The key figure in the coup was Colonel Gamal Abdel Nasser, who became president in 1954. Nasser established close relations with the Soviet Union and attempted to unify other Arab nations into a United Arab Republic by exploiting strong anti-Israeli feelings.

After Nasser died in 1970, Vice President Anwar el-Sadat became president and dramatically altered Egypt's policies. Sadat asked Soviet military advisors to leave in 1973, and in 1978 he became the first Arab leader to negotiate peace with Israel. Most Arab countries condemned Sadat, and many broke relations with Egypt. In 1981, a group of Moslem fundamentalists assassinated Sadat, and Vice President Muhammed Hosni Mubarak became president. Mubarak has cooled diplomatic relations with Israel in an effort to bring Egypt back into a position of Arab leadership. As a result, some Arab leaders have renewed ties with Egypt.

Jordan. In 1921, Britain established the autonomous region of Transjordan from the eastern two-thirds of its Palestine Mandate. In 1946, Transjordan became an independent Arab kingdom. Three years later, Transjordan annexed much of the area on the west bank of the Jordan River. Transjordan then was renamed Jordan. Since 1952, Jordan has been ruled by King Hussein, who has generally steered a moderate course between the United States and the Soviet Union. However, the United States has tried to increase its influence with King Hussein through arms sales and has encouraged him to enter into peace negotiations with Israel.

Syria. The French controlled Syria from World War I until the country gained its independence in 1946. In 1958, Syria united with Egypt to form the United Arab Republic (UAR). However, Egypt quickly became dominant, and in 1961, the Syrians withdrew from the UAR. During the next decade, Syria's government was highly unstable until General Hafez al-Assad came to power in 1970. Assad, who is still president today, maintains close ties with the Soviet Union.

Lebanon. Lebanon, a French colony until 1945, has a population composed of about 60 percent Moslems and 40 percent Christians. This population mix has made Lebanon more pro-Western

After the Israeli invasion of Lebanon in 1983, President Reagan sent U.S. Marines to maintain peace in Beirut, the Lebanese capital. Many Arabs viewed the marines as intruders. As a result, the marines were frequently attacked. Here, rescue workers sift through the rubble of the marine headquarters after it was destroyed by a suicide bomber.

Department of Defense

than many of its neighbors, but it also has made Lebanon a powder keg. In the early 1970s, Lebanon exploded into civil war involving Christians, Moslems, the Palestine Liberation Organization (PLO), and Syrian "peacekeeping forces." In 1982, Israel became involved when it invaded southern Lebanon, ultimately taking much of Beirut, Lebanon's capital. Today, civil war still rages in Beirut leaving the city in ruins and the nation's economy virtually shattered.

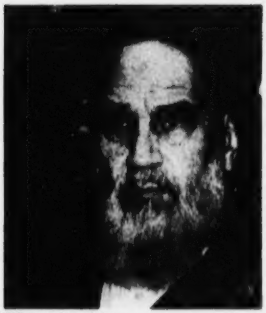
Saudi Arabia. Occupying most of the Arabian peninsula, Saudi Arabia is one of the largest countries in the Middle East and contains the world's largest oil reserves. The United States considers Saudi Arabia to be a friend and a moderating force in the region. For these reasons, the United States has sold advanced military equipment to the Saudis, such as AWAC airborne radar planes, and works to maintain good relations with them.

The Palestinians. The Palestinians are a people without a homeland. In 1921, the British gave two-thirds of Palestine to a non-Palestinian, Arab king. This land is now the kingdom of Jordan. When the western third of Palestine was partitioned after World War II, Egypt, Israel, and Jordan absorbed areas that were supposed to form a separate Palestinian state.

Conflicts in the Middle East have affected approximately 4 million Palestinians. They now are scattered throughout the region, many living in refugee camps in Jordan, Syria, Lebanon, and the Israeli-occupied West Bank and Gaza Strip. Other Palestinians fled to Europe or North America.

In 1964, the Palestine Liberation Organization (PLO) was formed to lead the struggle for a Palestinian state. The PLO has used both violence and diplomacy in pursuit of a homeland for the Palestinian people. In 1974, the United Nations granted the PLO observor status, which allows the PLO to participate in the United Nations General Assembly, although it may not vote. The United States refuses to recognize the PLO until the PLO recognizes Israel's right to exist. The PLO says it will not recognize Israel until the Palestinians have a homeland of their own.

Iraq. Located in the valley between the Tigris and Euphrates rivers where Western civilization was born, Iraq's capital, Baghdad, was long the center of Arab culture. In the seventeenth century, the Ottoman Turks took control of Iraq and held it until the end of World War I. After the war, the British occupied Iraq under a League of Nations mandate. The British installed a Hashemite king in 1932 and maintained a strong influence over the government. In 1958, the king was overthrown in a procommunist military coup. Since then, the country's economy has grown with the development of its oil resources. In 1980, Iraq invaded Iran over a long-standing border dispute. The war has resulted in huge numbers of casualties, attacks on neutral ships sailing in the Persian Gulf, and interruption of oil exports of both countries.



UPI/Bettmann Newsphotos

In 1978, the Ayatollah Ruhollah Khomeini became the leader of Iran after revolutionaries overthrew the government of Shah Mohammed Reza Pahlavi. Khomeini's policies have been strongly anti-American and anti-Western.

Iran. Iran is not an Arab country. Iranians are descendents of the Persian Empire that ruled much of the Middle East in biblical times. From the end of World War II until 1978, Shah Mohammed Reza Pahlavi ruled Iran. Pahlavi briefly lost power to nationalists in the early 1950s, but he was restored in a counterrevolution backed by the United States. Returned to power, the shah expanded oil production and used oil profits to modernize his country. However, political opposition was not tolerated, and thousands of political prisoners were arrested and tortured. In 1978, revolutionaries gained power, and an exiled Shi'ite Moslem leader, the Ayatollah Ruhollah Khomeini, became Iran's new leader.

Under Khomeini, Iran has been strongly anti-American and anti-Western. Khomeini condemns the United States for supporting the shah and his repressive regime. In addition, Khomeini believes that the "westernization" of Iranian society—for which he holds the United States largely responsible—corrupted Iran, moving it away from strict Islamic observance and alienating Iranians from their national identity.

Much of Iran's foreign policy is based on the religious fervor of its leaders. Khomeini has called for the unity of all Islamic nations, but many neighboring states fear that he wants to subvert their governments and institute fundamentalist Islamic governments similar to his own.

The Arab-Israeli Conflict

Establishment of Israel (1948). On May 14, 1948, when the establishment of the state of Israel became official, soldiers from Egypt, Transjordan, Syria, Lebanon, and Iraq crossed into Israel and the first Arab-Israeli war began. The cease-fire lines of that war became Israel's tentative border. Since then, the Middle East has been rocked by violence, including five major wars:

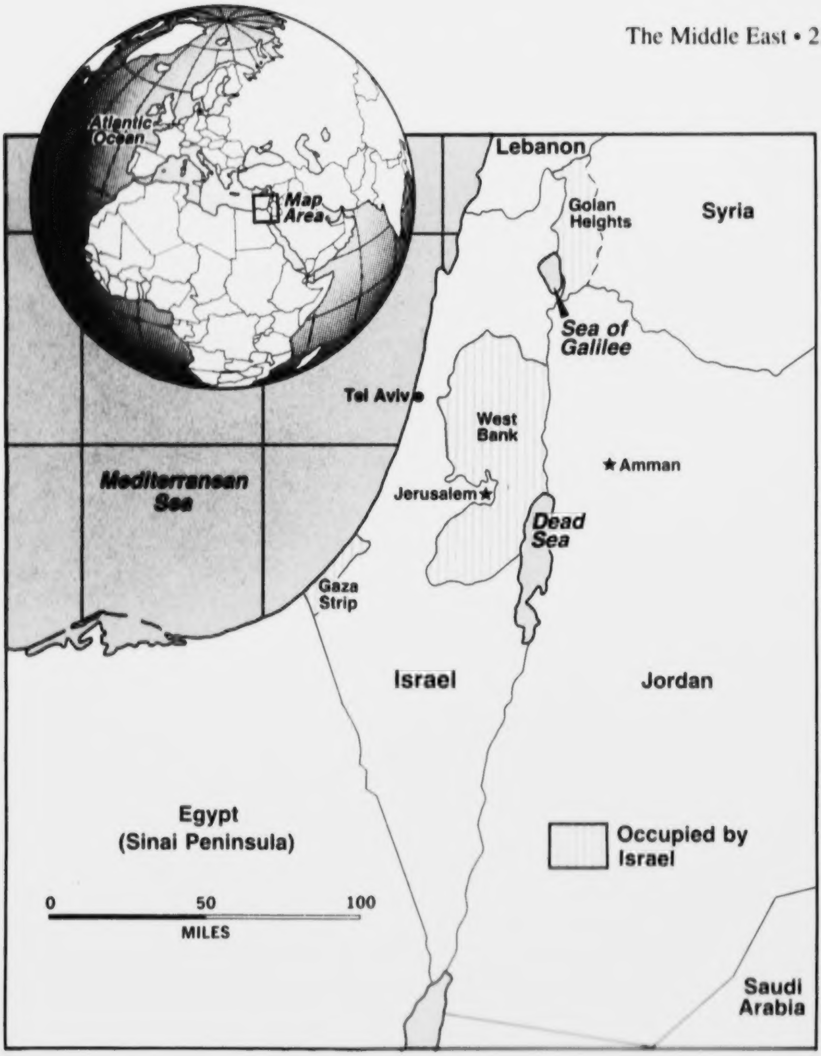
- The Sinai Campaign (1956)—In 1956, Israel—with help from France and Great Britain—invaded Egypt's Sinai Peninsula. Israel occupied the region for several months until the United States persuaded Israel to withdraw its troops.
- The Six-Day War (1967)—Fearing that Egypt was preparing to attack, Israel launched a surprise invasion on June 5, 1967, defeating Egypt, Syria, and Jordan in what came to be known as the Six-Day War. Israel captured the Gaza Strip, the Golan Heights, the Sinai Peninsula, the west bank of the Jordan River, and the eastern half of Jerusalem. Except for the Sinai, which was given back to Egypt in 1982, Israel controls these territories.
- The War of Attrition (1969-70)—In April 1969, Egypt began firing artillery shells at Israel. For the next sixteen months, the two countries fought a "war of attrition" with artillery and airplanes. More people were killed in this undeclared war than in the Six-Day War.
- The October War (1973)—Determined to regain land they lost in 1967, Syria and Egypt attacked Israel in 1973 on October 6,

the Jewish holy day of Yom Kippur. Although Israel won the war, it suffered politically both at home and abroad. Domestically, the government lost credibility because of the high number of Israeli casualties. Internationally, some supporters of Israel remained neutral under pressure from oil-rich Arab nations.

- The Invasion of Lebanon (1982)—In June 1982, Israel invaded Lebanon in an attempt to drive out PLO forces operating from there. The United States and other nations sent troops to Beirut to maintain peace, but American troops sustained heavy casualties. In 1984, U.S. troops withdrew to ships offshore. Since then, Israel has pulled most of its forces back to a twelve-mile buffer zone; Syrian troops occupy much of northern Lebanon; and the rest of the country has been partitioned between warring Christian, Druze, and various Sunni and Shi'ite Moslem factions.

UN Security Council Resolutions 242 and 338. During the 1960s and 1970s, the United Nations (UN) adopted two resolutions that attempted to establish the principles for a negotiated settlement in the Middle East. UN Security Council Resolution 242, passed in 1967, called for an end to all declarations of war and for the withdrawal of Israeli troops from territories captured from the Arabs. In addition, Israel and the Arab states were to respect their neighbors' independence and their right to live in peace within secure and recognized boundaries. The resolution also called for a "just settlement" of the Palestinian refugee problem. UN Security Council Resolution 338, passed in 1973, stated that the proposals of Resolution 242 should be pursued through negotiations.

Resolutions 242 and 338 are supposed to be a mutually accepted basis for peace in the Middle East. However, much of the language is vague and open to differing interpretations. These differences in interpretation and the atmosphere of mutual mistrust—especially between Israel and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the PLO, Syria, and Jordan—have limited the effectiveness of the resolutions.

Egyptian-Israeli Peace. On November 19, 1977, Egyptian President Anwar el-Sadat became the first Arab leader to visit Israel. Sadat's trip was a major step in overcoming the psychological barriers of fear, hatred, and suspicion between the Israeli and Egyptian peoples. However, the rest of the Arab world condemned Sadat for negotiating

The White House

After the signing of the Camp David Accords in 1978, Egyptian President Anwar el-Sadat, U.S. President Jimmy Carter, and Israeli Prime Minister Menachem Begin clasp hands. The agreement led to an Israeli-Egyptian peace treaty and raised hopes that the Arab-Israeli conflict could be resolved.

separately with Israel. American efforts to persuade Jordan, Saudi Arabia, and other nations to cooperate in the Israeli-Egyptian talks were unsuccessful.

In 1978, Sadat met with Israeli Prime Minister Menachem Begin and U.S. President Jimmy Carter at the Camp David presidential retreat in Maryland. After twelve days of negotiations, they agreed to the Camp David Accords—a framework for peace in the Middle East. An Egyptian-Israeli peace treaty soon followed in 1979, formally ending the two countries' 31-year conflict. Under the treaty, diplomatic relations, trade, tourism, and other exchanges were established. In addition, Israel returned the Sinai Peninsula to Egypt in stages, and Egypt opened the Suez Canal to Israeli use. Egypt and Israel invited Jordan and Palestinian representatives to participate in a regional peace settlement, but they declined.

Current Issues

Why Is There No Peace? The wars in the Middle East have been raging for four decades, despite diplomatic efforts to create a lasting peace. Although the Egyptian-Israeli peace in the late 1970s broke new ground, it did not lead to an overall settlement of the Arab-Israeli conflict. It was relatively simple to resolve the issues that divided Israel and Egypt—Israeli occupation of the Sinai Desert, Israeli access to the Suez Canal, and the establishment of trade relations between the two countries. But the issues that block a regional settlement, such as the establishment of a Palestinian homeland, are far more difficult to resolve. On some key points, Arabs and Israelis each believe that theirs is the only acceptable view, leaving no room for compromise.

Many experts believe that UN Security Council Resolutions 242 and 338 offer the best structure for peace in the Middle East. The resolutions identify three major issues to be resolved through negotiations among the warring factions. These issues are: (1) recognition of the state of Israel; (2) a "just settlement" of the Palestinian problem; and (3) return of territories captured by Israel to the surrounding Arab states. The peace process has been slowed by the inability of the Israelis and the Palestinians to agree on who should negotiate on behalf of the Palestinian people.

Recognition of Israel. The modern state of Israel was based on the 1947 United Nations partition plan, which proposed that two nations—one Arab and one Jewish—be formed from one territory, Palestine. Most nations believed that the Jews needed a homeland after the German Nazis had attempted a mass extermination of European Jews in the 1930s and 1940s. And although it had been many centuries since Jews controlled Palestine, many Jews believed that the land was rightfully theirs, that God had given it to them in biblical times.

Few Arabs supported the establishment of Israel. The land that the Arabs and their ancestors had occupied for centuries was suddenly given to another nation. Most Arabs continue to view Israel as an intruder, as the nation that took away the Palestinians' ancestral home. They hold Israel responsible for the death and destruction that has plagued the region for much of this century.

Most of the international community accepts Israel's right to exist, and no peace settlement will be possible until neighboring Arab states recognize the legitimacy of Israel. So far, Egypt is the only Arab nation that accepts the state of Israel. Other Arab leaders might be willing to take a similar step, but the consequences could be disastrous. Within three years after Egypt recognized Israel, its leader, Anwar Sadat, was assassinated by a radical faction that had opposed his policies toward the Jewish state.

Establishment of a Palestinian Homeland. Since the state of Israel was established in 1948, many Palestinians have fled Israeli-held areas to neighboring Arab states. Many Palestinians have vowed to fight the Israeli appropriation of their land. They hope to destroy Israel and establish a country of their own in its place. Other Palestinians accept that Israel is too firmly in place to be eliminated. Tired of the ravages of war, they would like to negotiate a peace treaty with the Israelis in which the issue of a Palestinian homeland is finally settled. The question is, where?

Some Palestinians believe that Palestine's original borders should be restored and the Israeli government eliminated. Others would accept a Palestinian state on the West Bank. However, a state on the West Bank—occupied by Israel since 1967—may not be viable on its own. The area lacks a strong agricultural or industrial base and has few natural resources. Some diplomats have proposed that a Palestinian state be established in federation with another country (perhaps with Jordan or Israel). But all of these proposals are fraught with difficulty. Many Palestinians resent the idea of relying on another nation for their economic and military survival. And some Palestinians would be unsatisfied with anything less than independence and might continue to fight Israel.

Who Speaks for the Palestinians? Since 1964, the Palestine Liberation Organization has served as a sort of "government in exile," providing a political voice for the Palestinian people. Although the United Nations recognizes the PLO as the sole representative of the Palestinians, the government of Israel considers the PLO to be a dangerous terrorist organization. Israeli leaders point out that the PLO's charter calls for the destruction of Israel; therefore, they refuse to participate in any negotiations with the PLO.

Reuters/Bettmann Newsphotos

Many nations and international organizations recognize the PLO, led by Yasir Arafat (shown here) as the official organization representing the Palestinian refugees. The United States refuses to negotiate with Arafat until the PLO accepts the legitimacy of the state of Israel.

For years, peace negotiations in the Middle East have been deadlocked because Israel will not accept the authority of the PLO to speak for the Palestinians, and the Palestinians—acting through the PLO—refuse to accept Israel's right to exist. In recent years, the PLO has become splintered. Many world leaders doubt that PLO leader Yasir Arafat has enough power to negotiate a peace settlement that would be acceptable to all of his people. Some Palestinians claim that Arafat does not speak for them and that they would not feel bound by any peace settlement negotiated by him.

Israeli-Occupied Territories. Another obstacle to peace is Israel's occupation of territories that it has captured from Arab countries. The Arab nations maintain that Israel's continued occupation of the Golan Heights, the Gaza Strip, and the West Bank violates international law that forbids nations from gaining territory by military force. The international community supports the Arab position and has incorporated it into the United Nations' plan for peace.

Israel's occupation of the West Bank is particularly controversial. Israeli leaders maintain that the West Bank is crucial to the defense of Israel. They say that the Israeli military cannot afford to lose control over the mountains that overlook Israeli coastal cities just a few miles away. The Israeli government maintains that it will hold the occupied territories until the signing of a comprehensive peace settlement that guarantees the long-term safety of Israel.

More than 40,000 Jewish nationalists have systematically settled the West Bank. Recently, Israeli occupation of the West Bank became even more controversial after Arab youths in the West Bank began attacking Israeli police and soldiers, using stones as weapons. Many Palestinian adults, frustrated with Israel's refusal to withdraw from the occupied territories, soon joined the protests. Israeli forces used violent means to quell the protests, including shooting some of the protesters. More than one hundred Palestinians in the West Bank have been killed since the riots began in 1987.

Critics of Israel's use of violence to put down the riots believe that the Israelis are now acting like the very persecutors from whom they once fled. Critics argue that such tactics turn international sympathy away from Israel toward the Palestinians. Critics say Israel must stop the violence if the nation wishes to find a peaceful solution to the problems on the West Bank.

Those who favor Israel's use of violence to suppress the riots argue that "iron-fist" tactics worked to hold back the wave of Arab protests that rocked the Gaza Strip in the 1970s. They believe that the protests on the West Bank are not spontaneous attacks led by children but are actually being

A Palestinian youth hurls a stone from a large sling at Israeli soldiers. In late 1987, Palestinians living in the occupied territories began protesting the presence of Israeli soldiers in their neighborhoods. The Israeli army used extensive force to quell the protests.

Reuters/Bettmann Newsphotos

orchestrated by the PLO. Supporters of Israel's violent tactics say that Israel must demonstrate to the world that it will fight PLO terrorism with whatever means necessary.

The Role of the Superpowers. The presence of the United States and the Soviet Union in the Middle East has complicated the peace process even further. Both the United States and the Soviet Union are competing for allies in this region and are trying to undercut the influence of the other. Both nations provide a seemingly unlimited supply of military aid to nations in the Middle East. As a result, the Americans and the Soviets help sustain the Arab-Israeli conflict by resupplying nations that otherwise would have lost the ability to fight years ago.

However, because they give huge amounts of aid to their allies in the Middle East, the United States and the Soviet Union may be in a position to persuade the Israelis and the Arabs to negotiate a peace settlement. The United States has tried actively to mediate peace settlements with some success, particularly after the 1973 war, when President Richard Nixon negotiated the limited withdrawal of Israeli troops in the Sinai, and in 1979, when President Carter helped arrange the Egyptian-Israeli peace treaty. But subsequent American peace initiatives have been less successful.

The Iran-Iraq War. Since 1980, Iran and Iraq have been fighting an extremely bloody war, and a peace settlement still seems far off. More than 300,000 people have been killed during the conflict.

The war began over a border dispute, but both sides view the conflict in much broader terms. Iraqi President Saddam Hussein believes that Iran's revolutionary government is fanatical and dangerous. He points out that Iran's stated foreign policy goal is to export its Islamic revolution to other countries.

Iran's leader, the Ayatollah Ruhollah Khomeini, believes that all nations in the region should establish "true Islamic governments" similar to that of Iran. Many Arab leaders in the region—especially in Kuwait and Saudi Arabia—fear that an Iranian victory would allow radical Islam to spread to other nations, undermining present regimes.

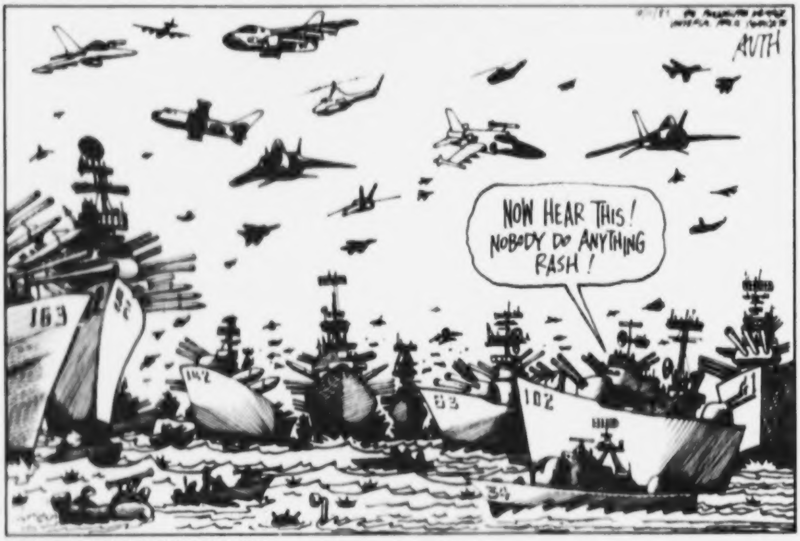
Officially, the United States has remained neutral in the Iran-Iraq war. But in 1985 and 1986, the Reagan administration secretly sold weapons to Iran. The administration hoped to trade the arms for American hostages who were being held by pro-Iranian groups in Lebanon. When details of the secret deals were uncovered, many members of Congress noted that sending arms to Iran violated our government's policy never to deal with nations suspected of supporting terrorism. The resulting scandal may have weakened American influence in the Middle East.

Gulf Costs

According to the Department of Defense, it costs between $15 million and $20 million a month in extra, unbudgeted expenses to escort oil tankers through the Persian Gulf, or about $5 million per escort.

U.S. Presence in the Persian Gulf. In 1984, both Iran and Iraq began attacking oil tankers moving through the Persian Gulf. Kuwait, an ally of Iraq, asked the United States for assistance in protecting its tankers. In 1987, the United States registered eleven Kuwaiti tankers to sail under the U.S. flag and sent warships to escort them through the gulf. Since that time, American and Iranian naval forces have exchanged fire several times, with the Iranians sustaining heavy losses.

Supporters of the American presence in the Persian Gulf argue that the presence of U.S. warships there prevent Iran from stopping the flow of oil through the gulf altogether. In addition, they argue that U.S. warships are needed in the gulf to protect U.S. interests in the vast oil reserves of the Middle East. Supporters also point out that U.S. warships in the gulf reassures moderate Arab countries of the United States' commitment to the security of the region. Opponents of a U.S. presence in the Persian Gulf argue that it is a dangerous strategy that might draw the United States into the Iran-Iraq war. Critics argue that instead of bringing calm to the area, the presence of U.S. warships in the Persian Gulf has expanded hostilities in the area. In addition, critics say that U.S. actions in the Persian Gulf contradict U.S. support of UN ceasefire negotiations.


AUTH
NOW HEAR THIS! NOBODY DO ANYTHING RASH!
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Outlook

Ten years after the Israeli-Egyptian agreement at Camp David, peace still eludes the Middle East. Islamic fundamentalists threaten the stability of some Arab governments. Religious and political factions battle in a never-ending civil war in Lebanon. The bloody war between Iraq and Iran threatens to spill over into neighboring countries. And although the U.S. naval presence in the Persian Gulf has limited Iran's ability to interrupt the flow of oil from the Middle East, it has brought Iran no closer to the negotiating table.

The Debate The Middle East

Should the United States Support an Independent Palestinian State?

PRO	CON
The Arab-Israeli conflict will never be resolved until a Palestinian state is established. The state would meet Palestinian demands to govern themselves. The United States should support the spirit of the original United Nations partition plan, which called for the establishment of two nations: one Arab and one Jewish.	Creating a Palestinian state will not solve the problems in the Middle East. Many factions of the PLO are firmly committed to the complete liberation of all Palestine. They are likely to use a Palestinian state as a staging ground for terrorist attacks and an eventual all-out assault to destroy Israel.

Should the United States Insist That Israel Return the Occupied Territories?

PRO	CON
International law specifically forbids one nation from taking the land of another through war. Even the United Nations has demanded that Israel withdraw from the occupied territories. Yet Israel has openly supported the settlement of the occupied territories and has annexed the Golan Heights and Jerusalem. Israel should begin returning the land as a gesture toward peace.	The occupied territories are Israel's only bargaining chip, and international law gives the nation the right to exchange land for peace. Except for Egypt, not one of Israel's neighbors has been willing to negotiate a peace settlement. Israel should hold on to its territories until the Arabs are ready to talk.

Should the United States Protect Oil Tankers in the Persian Gulf?

PRO	CON
U.S. warships are needed in the Persian Gulf to reassure moderate Arab countries of our commitment to the security of the Middle East. Moreover, an American presence there ensures the steady flow of oil through the gulf and protects U.S. economic and security interests in the region. The United States must prove to the rest of the world that we are willing to go to any length to protect our allies.	U.S. presence in the Persian Gulf will draw the United States deeper into the Iran-Iraq war. The presence of U.S. warships in the gulf has not brought calm to the area and has only heightened tensions there. In addition, U.S. actions in the gulf contradict our support of UN-sponsored cease-fire negotiations.

International Trade

Trade is essential to the American economy. From cars to clothing, Americans today purchase a wide variety of foreign-made products. Many foreign products are less expensive and considered more reliable than American-made goods. In fact, the demand is so great that the United States now imports more goods than it exports.

But the trade imbalance poses serious problems for American industry. In 1987, the United States imported $171 billion more in goods and services than it exported. The U.S. trade deficit costs American companies thousands of jobs every year. If American consumers continue to buy imported goods instead of American-made products, U.S. manufacturing jobs may be lost forever to foreign competitors.

Some experts say that the federal government should protect American industries and American jobs by increasing tariffs and quotas that would restrict the number of foreign products imported to the United States. However, other experts point out that such actions could force some nations to increase their own tariffs and quotas as well, resulting in higher prices everywhere. How the government makes sure that consumer demands are met while at the same time protecting American jobs as it conducts trade with other nations, is a dilemma faced by both the president and Congress. It is likely that policymakers, corporate leaders, labor union officials, workers, and consumers will continue to debate U.S. trade policy for years to come.

Key Questions

- Should the United States raise trade barriers to protect American jobs?
- Should the United States intervene in currency markets to reduce the value of the dollar?
- Should the government help American industry increase its productivity?

Background

Trading with the World

Why Do Nations Trade? The economies of nations grow faster when they trade with other countries than they would if all goods and services were produced for just their people. For example, in the nineteenth century, Great Britain was the world's most efficient producer of textiles and Portugal, with its ideal climate and fertile soil, produced fine wines. Each country could have provided its own citizens with both wine and textiles, but at a high cost. However, by concentrating labor and resources on what each produced best and by exchanging these products, the two countries had all the wine and textiles they needed plus money left over to make or purchase other goods.

Most countries have a particular strength or *comparative advantage*—such as location, climate, skilled labor, *capital* (money for investment), or technical superiority—that enables them to make certain products at a lower cost than other countries. Comparative advantage allows each country to profit by trading the goods it produces most efficiently for those products made more efficiently in other countries. In this way, trade increases a country's standard of living.

Protectionism. *Free trade*, or trade without restrictions, does not exist in the world marketplace. Most countries erect trade barriers—such as *tariffs* and *quotas*—to protect domestic industries and jobs. A tariff is a tax on an import, which increases the price of the foreign-made product. Quotas limit the amount of specific products that can be imported. Ideally, trade barriers are temporary measures enacted to protect jobs in newly formed or struggling industries. By raising the price of imported goods, both tariffs and quotas encourage people to buy domestic products.

Most economists agree that trade restrictions do not increase the number of jobs in a country and save jobs only at a high cost. Moreover, trade restrictions can backfire and lead to higher prices for domestic products because domestic companies no longer need to keep their prices low to compete with imports. If domestic companies raise prices, consumers spend more money than before, leaving them with less to spend on other products. This ultimately reduces employment in other domestic industries.

Another danger of protectionism is that other nations often retaliate by establishing their own tariffs and quotas. This is dangerous because the economies of the world are interconnected just like the economies of the fifty American states are interconnected. Unless nations cooperate with one another and agree to lower trade barriers, an escalating series of retaliatory tariffs and quotas—called a *trade war*—could result. A trade war would slow the world's economies and plunge the international community into a depression.

U.S. Trade Policy

Trade Wars and the Great Depression. The last major trade war occurred in the 1930s, after Congress passed the Hawley-Smoot Tariff Act, which greatly increased tariffs on all goods imported into the United States. Other nations fought back by raising their tariffs on American goods. The tariffs increased prices for almost everything bought and sold around the world. Because people could not afford to pay the price increases, international demand for foreign-made products plummeted. People bought fewer products, and entire industries had to shut down. The trade wars of the 1930s deepened the effects of the Great Depression.

American Trade Leadership in the Postwar Era. After World War II, the United States played a leading role in expanding international trade. The United States had escaped the war's devastation, and the billions of dollars it had spent on military production had revived the U.S. econ-

Many foreign companies now compete with the United States in high-technology markets such as the manufacture of computers, silicon chips, and computer software. The increased competition has meant the loss of thousands of jobs in high-tech industries around the country.

Uniphoto/Charles Feil

omy. The United States gave technical assistance and financial loans to Western European nations and to Japan to help them replace the factories destroyed in the war.

The U.S. economy was booming, and to keep it going Europe and Japan had to rebuild. If their factories had not been rebuilt, those countries would have suffered from high unemployment and been unable to buy American products. (Ironically, American assistance gave those countries a future advantage over the United States, because their factories are still relatively new and can produce goods more efficiently.) The United States reduced tariffs, encouraging entry of European and Japanese goods into the U.S. market.

The United States also encouraged the nations of Western Europe to coordinate their trade policies. Eventually, in 1958, they created the European Economic Community, or the Common Market. The Common Market abolished import restrictions between member countries and established some common terms for marketing their products outside Europe.

In the postwar world, U.S. companies expanded international trade by marketing their goods and opening factories overseas, especially in Latin America and parts of Europe and the Middle East. Major oil refineries, auto manufacturers, and other private companies transformed themselves into *multinational corporations*. By opening factories overseas, multinational corporations took advantage of lower labor costs and created new markets for American consumer goods by providing foreign citizens with jobs.

Encouraging International Trade. In the postwar era, leaders of the international community negotiated two agreements to encourage world trade.

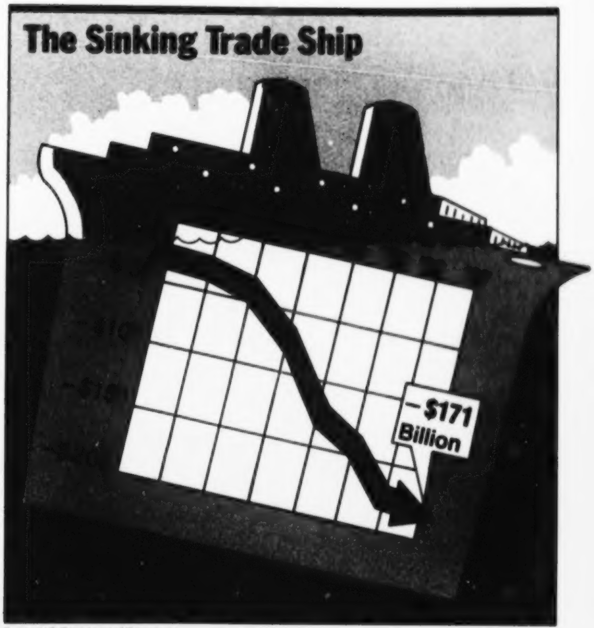
Bretton Woods. In 1944, forty-four Western nations met at Bretton Woods, New Hampshire, to create a new monetary system. Under the Bretton Woods system, exchange rates between foreign currencies were *fixed* against the value of the American dollar. The Bretton Woods system worked well at first because the U.S. economy was much stronger than the other economies of the world. But soon other countries' economies grew, and the value of the dollar declined. The decline of the dollar threw the Bretton Woods system out of balance. In 1971, the Bretton Woods system was re-formed into a *floating* exchange system in which the value of currencies relative to one another are free to change daily. In a floating exchange system, the value of a country's currency reflects the health of its economy.

GATT. In 1947, shortly after establishing the Bretton Woods system, eighty-three nations signed the General Agreement on Tariffs and Trade (GATT), which established a code of conduct for trading nations. GATT provides an international forum for nations to discuss trade issues. Under the provisions of GATT, nations have sought to increase world trade by reducing tariffs and other barriers.

The United States and International Trade Today

The Trade Deficit. Since the mid-1970s, the United States has imported more goods than it has exported. A record *trade deficit* of $171 billion was set in 1987. A few experts believe that a trade deficit signals a healthy economy because only a

The United States has experienced a growing trade deficit over the past several years. The deficit has meant less profit for U.S. companies and fewer jobs for American workers.



Source: U.S. Department of Commerce

strong economy can afford to buy so many imported goods. But most experts believe that a huge trade deficit harms the U.S. economy and threatens its future growth. They say that the loss in trade causes the loss of hundreds of thousands of jobs in U.S. industries such as steel, automobiles, textiles, shoes, and agriculture. Many trade analysts say that American consumers are in effect sending billions of dollars to foreign companies. If domestic companies had this money, they could expand industrial production and increase technological research to ensure future economic growth.

How the Budget Deficit Affects Trade. Most experts believe that the federal budget deficit is a primary cause of the U.S. trade imbalance. A budget deficit occurs when the government spends more money on defense, social security, Medicare, and other programs than it receives in tax revenues. The budget deficit is expected to reach $136 billion in fiscal year 1989.

To finance the budget deficit, the U.S. government must borrow money from private banks. This borrowing decreases the amount of money available for individual loans such as loans to finance a car, house, or college tuition. This shortage of "loanable" money drives up *interest rates*, that is, the amount of money people have to pay to borrow money.

Foreign investors like to invest their money in countries with high interest rates because they earn a good return on their money. Before they can loan their money to U.S. banks, however, foreign investors must first convert their currency into American dollars. Because U.S. interest rates were so high in the 1970s and early 1980s, foreign investors were willing to pay more in their own currency for dollars. And because investors were paying more for each dollar, the value of the dollar increased.

The high value of the dollar in turn drove up the price of American products sold abroad. Foreign consumers reacted to these high prices by buying fewer American-made goods. However, the high value of the dollar *reduced* the cost of imported goods sold in the United States. American consumers took advantage of these low prices by buying more foreign goods and fewer American goods. As a result, American business lost profits, American workers lost jobs, and the nation as a whole experienced record trade deficits.

To correct this situation, the United States met with other major industrial nations to discuss ways of reducing the value of the dollar. (A decline in the value of the dollar *lowers* the price of American products sold in foreign countries and *raises* the price of foreign imports sold in the United States.) In the fall of 1985, these nations acted together to target the value of their currency within a particular price zone. Since this policy was adopted, the value of the dollar has dropped about 50 percent. However, despite the dollar's fall, the trade deficit is still growing.

American Productivity. Another major cause of the U.S. trade deficit is a slowdown in American

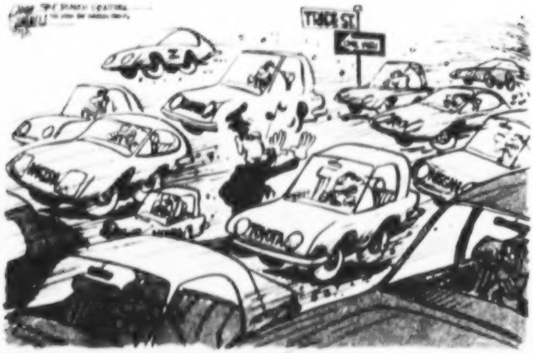
Keith Skelton/McDonnell Douglas Corp

Most policymakers consider the U.S. trade deficit to be the most serious issue facing the nation. Some members of Congress claim that the way to solve the trade imbalance is to increase the productivity of American workers. They have called for government programs to upgrade workers' skills and encourage U.S. companies to use modern production techniques.

productivity (the amount of goods produced per man-hour). Over the past twenty-five years, American productivity has been only a fifth of Japan's and a third of France's and West Germany's. Analysts say that the growth in foreign productivity has occurred for several reasons:

- Foreign companies have been more willing to invest in newer, more efficient manufacturing techniques while U.S. companies have often lagged behind. For example, most Japanese steel mills have abandoned old facilities for more productive, modern factories. Today, Japan produces twice as much steel as the United States.
- Foreign companies benefit from strong government planning. For example, the Japanese government decides which industries have the most potential to grow (called "sunrise" industries), then directs investors to invest in those companies. Many analysts believe central government planning has given Japanese industries such as electronics and computer technology an advantage over the United States.
- Workers in other nations are willing to work for lower wages than are American workers, especially in unionized industries. For example, in South Korea, the average wage for steelworkers is $3 an hour, while in the United States the average wage is $23.47 an hour.

Trade with Japan. In 1987, Japan enjoyed a $56 billion trade advantage with the United States—almost one-third of the total U.S. trade deficit. Some experts believe that the United States has a large trade deficit with Japan because the Japanese do not trade fairly. These experts claim that the Japanese impose unfair trade barriers on many foreign products to prevent the goods from penetrating the Japanese market. In addition, U.S. trade experts point out that the Japanese government forces many imported goods to undergo expensive inspections before they can be sold in Japan. As a result, the Japanese market is virtually



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closed to imported beef, fruits, tobacco products, rice, leather, aluminum and paper products, and telecommunications equipment.

Trade representatives from the United States have met with Japanese officials in an attempt to convince the Japanese government to lower its barriers and increase the number of U.S. goods allowed into the country. But recent negotiations were ineffective. In 1987, the United States imposed temporary trade sanctions against Japan for the first time. The United States imposed a stiff tariff on Japanese semiconductors—computer chips—and refused to allow Japanese construction companies to bid on jobs in the United States. In both instances, the sanctions were lifted when the Japanese agreed to trade concessions.

Current Issues

Reducing the Trade Deficit. Today's policymakers consider the U.S. trade deficit to be the most serious issue facing the nation. Policymakers are considering several proposals to decrease the trade deficit, including balancing the federal budget, instituting protectionist measures, and increasing American productivity. However, economists agree that there is no easy solution to the trade deficit problem.

Balancing the Federal Budget. Many economists believe that balancing the federal budget is the first step to reducing the trade deficit. Reducing the budget deficit could help lower the value of the dollar. However, presidents and members of Congress have promised to balance the budget for years, yet all attempts have failed. Raising taxes could bring about a recession because consumers with less money to spend will buy fewer goods. Cutting federal spending also is difficult. Most members of Congress believe that the nation cannot afford further cuts in social programs and defense.

Instituting Protectionist Measures. Many American business leaders believe that they are at a disadvantage in the world marketplace. They claim that many foreign governments subsidize their domestic industries and erect trade barriers to protect them from overseas goods. For example, farmers in the European Common Market are heavily subsidized by their governments. These subsidies enable European farmers to sell some of their products on world markets at lower prices than American farmers. Several American industries—particularly the steel, textile, and auto industries—have asked Congress to increase their

American dockworkers unload Japanese cars. In the early 1980s, the United States limited the number of Japanese cars that could be imported into this country to help American car manufacturers recover from lagging sales.

Nissan Motor Corporation

subsidies and impose tariffs and quotas to protect them from overseas competitors. Industry representatives say that, without protection, they will have to reduce production and lay off workers.

Advocates of tariffs and quotas say that the United States has been a victim of its own free-trade policies. They say that other nations exploit the U.S. marketplace at the expense of U.S. domestic industries. Advocates also say that such measures will force foreign governments to open up their markets to American products.

Critics of trade barriers call this legislation "destructionism," not protectionism, and warn that U.S. trade restrictions could backfire. Some nations might retaliate against American barriers by buying fewer American-made products and erecting even more trade barriers of their own. Critics say that American consumers will be the ultimate losers because they will have to pay more for foreign-made consumer goods such as electronic equipment and automobiles.

Increasing Productivity. Some trade analysts say that the only way to reduce the trade deficit is to increase American productivity. They believe that the federal government should help American industry by: (1) encouraging the use of modern production techniques through tax incentives to corporations, (2) subsidizing research firms that develop new products, and (3) upgrading workers' skills through job-training programs. These analysts claim that government involvement in business must help U.S. industry become more competitive in the world market.

Critics of this approach believe that government interference in industry amounts to a centrally planned economic system similar to that of the Soviet Union. The free market, not the government, should be allowed to decide who wins and who loses in American business. Critics believe that our system of free enterprise has made our nation prosper and that American industry can restore its productivity on its own without the help of the government.

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The *Crafted With Pride* label stands for American-made textile and apparel products backed by the reputation of U.S. manufacturers and retailers.

This is an example of one of the marketing efforts of U.S. soft goods (fiber, textile, apparel, and home fashions) industries to heighten awareness of the importance of purchasing U.S.A.-made soft goods products.

Trade in the U.S.A.

Leading exports
1. Transportation equipment (airplanes, cars, and spare parts)
2. Office machinery
3. Electrical machinery and parts

Leading imports
1. Passenger cars
2. Petroleum products
3. Telecommunications equipment

U.S.-Canada Trade Pact. In December 1987, the United States and Canada signed a landmark free-trade agreement. If approved by the U.S. Congress and the Canadian Parliament, the agreement would create the world's largest open market. The agreement would eliminate all tariffs between the two countries by 1999. The agreement also would remove restrictions on "cross border" investments, enabling companies in each nation to invest freely in the other.

Those who support the U.S.-Canada trade agreement predict a dramatic increase in trade between the two countries. Supporters of the agreement point out that it will enable the United States and Canada to operate as a single $5 trillion economy—15 percent larger than the European Common Market. Operating as a single market will enable the two nations to be more competitive on the world market. The result, say supporters, will be more jobs and profits on both sides of the border.

Opponents of the U.S.-Canada trade agreement predict that American jobs will be lost if the agreement goes into effect. American labor leaders fear that U.S. companies will move factories to Canada to take advantage of lower wages paid to Canadian workers. In addition, some Canadians fear that the new trade agreement will allow large U.S. corporations to take over many Canadian businesses. Some business leaders in Canada urge the adoption of measures that would protect Canadian industries from being controlled by U.S. companies.

Outlook

Huge trade deficits have led many Americans to believe that the United States has been hurt by its support of free trade. Many U.S. industries have lost huge profits to foreign companies and have increased pressure on the government to enact protectionist measures against foreign competitors. The danger is that other nations will retaliate by increasing their own protectionist laws. The government has sought other methods to reduce the trade deficit, including intervening in currency markets to decrease the value of the dollar and instituting temporary trade sanctions against Japan. However, these actions are likely to bring only slight relief to our trade problems. Many Americans believe that stronger measures are needed to make the United States a more competitive trading nation.

The Debate International Trade

Should the United States Raise Trade Barriers to Protect American Jobs?

PRO

Americans are losing jobs because foreign governments, especially the Japanese, are subsidizing their countries' exports or erecting trade barriers to keep out American products. Quotas, tariffs, and other trade barriers are the only tools the United States has to equalize the competition.

CON

Trade barriers raise consumer prices and actually reduce the number of domestic jobs over the long run. Other countries would retaliate against American tariffs and quotas, and U.S. trade would be hurt even more. The United States should promote free-market principles rather than pursue shortsighted, retaliatory trade policies.

Should the United States Intervene in Currency Markets to Reduce the Value of the Dollar?

PRO

During the early 1980s, the high value of the dollar caused massive trade deficits. Our government cannot allow this problem to continue. One way to keep the value of the dollar down is to cut the federal budget deficit, but this would take too long. The United States should intervene in the world's currency market to bring the value of the dollar in line with other world currencies.

CON

Intervention in the currency market leads to a rise in domestic inflation and threatens U.S. economic growth. The best approach is to reduce demand for the dollar by cutting the U.S. budget deficit and lowering interest rates. This will reduce the price of U.S. exports and encourage others to buy American goods.

Should the Government Help American Industry Increase Its Productivity?

PRO

American workers are being out-produced by French, Japanese, and West German workers every year. The government should help increase American productivity by giving tax breaks to corporations that use modern production techniques; by subsidizing firms that develop new products; and by upgrading workers' skills through job-training programs. Only government involvement in business can help the United States become competitive again in world markets.

CON

Government interference in industry goes against our system of free enterprise, which has made our nation prosper. Any government program designed to increase productivity will eventually lead to a centrally planned economy similar to that of the Soviet Union. American industry can restore its productivity without the help of the government.

Western Europe

After six years of war, the Western allies and the Soviet Union finally defeated Nazi Germany in 1945. Although the alliance with the Soviets would soon disintegrate and Europe would split into East and West, the end of World War II offered hope. And for more than forty years in Europe, there were no more wars, no more bombs, and no more death camps.

The alliance between the United States and Western Europe has helped maintain the postwar peace, and despite many conflicts, the alliance has remained surprisingly strong. Today, however, controversies over defense, foreign policy, and economics strain relations. And the recent signing of the Intermediate-range Nuclear Forces (INF) Treaty between the United States and the Soviet Union has increased the rift in the Western alliance.

Under the terms of the treaty, the United States will remove its nuclear missiles from Europe in three years. Some Western European leaders believe that the loss of U.S. nuclear weapons in Europe jeopardizes their security. Many foreign affairs experts interpret these differences as signs that the alliance between the United States and Western Europe is falling apart. Although this is not the first time such predictions have been made, they suggest that the United States should reexamine its relations with its European allies.

Key Questions

- Should the United States reduce the number of troops stationed in Western Europe?
- Should the United States retaliate against restrictive European trade practices?
- Does European trade with the Soviets help to ensure peace?

Background

The Basis of the Western Alliance

Postwar Reconstruction. World War II left most of Europe physically devastated, its economies in ruins, and its people in despair. The Marshall Plan (1947-53) sent billions of dollars in American aid, investment, and trade to rebuild Western Europe. American leaders believed that European economic strength would prevent a rebirth of fascism or a communist insurgence and that European military strength would keep the Soviets from our doorstep. As the United States helped Western Europe, a strong alliance was forged, based on a shared cultural heritage and on mutual economic and security interests.

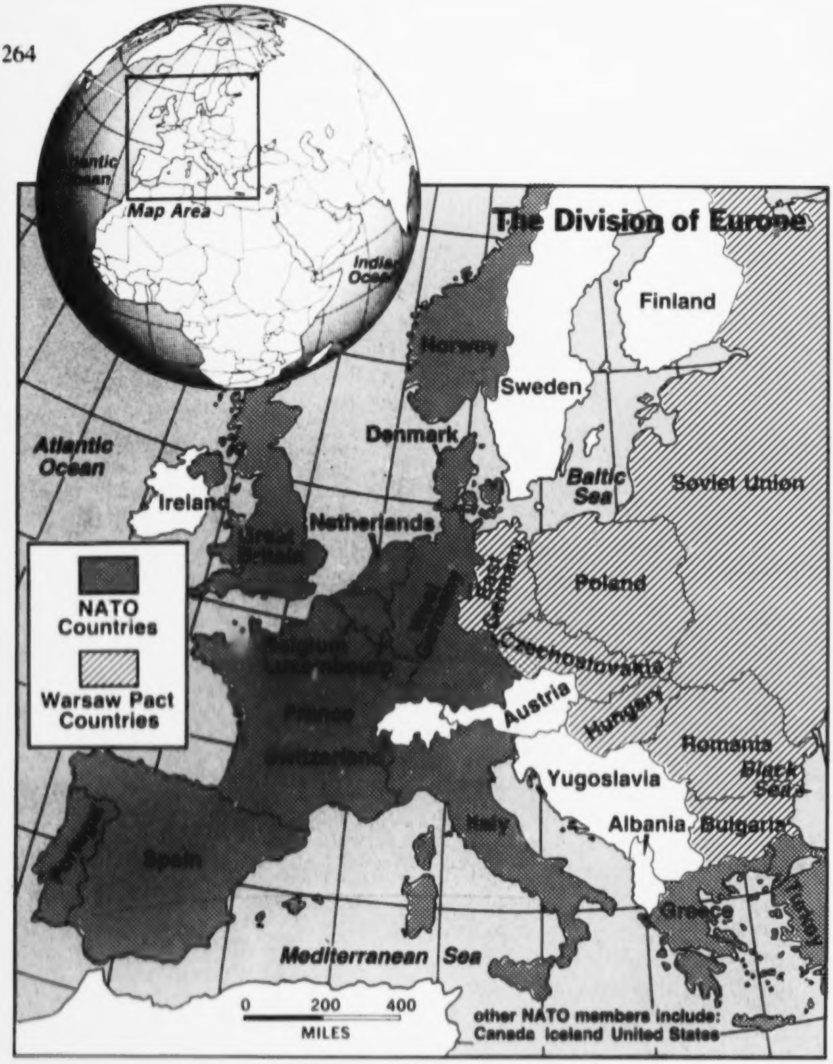
World War II destroyed Western Europe's economy and left many of its cities in ruins. After the war, the United States provided billions of dollars in aid, investment, and trade to rebuild Western Europe.

UPI/Bettmann Newsphotos

NATO. The bedrock of the Western alliance is the North Atlantic Treaty Organization (NATO), which is primarily a military alliance of nations. Established in 1949, NATO is a joint effort to prevent an armed communist attack in Europe. All member countries contribute to NATO's budget, and many provide troops for NATO's forces, but the commander of these forces has always been an American. Sixteen nations are members of NATO—Belgium, Canada, Denmark, France, Greece, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, the United Kingdom, the United States, and West Germany. In 1955, the Soviet Union and its East European allies—Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania—formed a counterpart to NATO called the Warsaw Pact.

The Common Market. In 1957, the nations of Western Europe formed the European Economic Community (EEC), also known as the Common Market, to promote cooperation among their economies. In some ways, the twelve members of the EEC—Belgium, Denmark, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom, and West Germany—operate almost as though they were one country. Goods and services are traded between countries with little or no *tariffs*, or taxes, to inhibit trade. Member countries try to plan their economies to complement one another and work together to strengthen European competition in the world market by establishing uniform trade rules and policies. Although disputes often arise concerning joint economic policy, many say that the Common Market has done more to ensure peace in Western Europe than has any other peace treaty or security pact. Many people also believe that the Common Market helped create the economic boom that Western Europe enjoyed during the 1950s and 1960s.

Detente. In the early 1970s, Western Europe and the United States entered into *detente* with the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other NATO members include:
Canada Iceland United States

Soviet Union and its Eastern European allies. (Detente is a French word meaning "relaxation of tensions.") Detente reflected the belief that minimizing conflict and maximizing cooperation would benefit all countries involved. But in recent years, the United States abandoned detente and pressured Western Europe not to trade with the Eastern bloc.

Economic Crisis in the Alliance. In 1973, the economic prosperity of the Western alliance came to a sudden halt. The Arab Oil Embargo and the first price increases by the Organization of Petroleum Exporting Countries (OPEC) played havoc with economies around the world. Because of their dependence on foreign oil, Western European economies particularly were hurt by the fourfold increase in oil prices. Other factors, including trade competition from industrial "newcomers" such as Brazil, Hong Kong, Malaysia, and Taiwan, also contributed to high inflation and repeated recessions. When the price of oil jumped again in 1979, the Western alliance suffered its worst recession since the 1930s.

The Gas Pipeline. In an attempt to reduce their dependency on energy from the Middle East, the United Kingdom, France, Italy, and West Germany agreed to help the Soviets build a pipeline to carry natural gas from the Soviet Union to Western Europe. President Ronald Reagan disapproved of the pipeline. In 1982, he imposed sanctions on U.S. companies and their foreign subsidiaries that were selling equipment for the project.

The sanctions enraged European leaders. They claimed that the United States had overstepped its territorial authority and was trying to coerce them into canceling their equipment sales. They said that the Soviet gas pipeline would supply only 6 percent of their total energy needs—hardly enough to justify U.S. concerns over Soviet economic blackmail. Faced with such strong opposition, President Reagan canceled the sanctions and construction of the pipeline proceeded.

In 1986, Western European countries announced that they would limit their use of Soviet natural gas by increasing their purchase of gas from Norway. Under a long-term contract, which extends into the twenty-first century, Norway will supply 30 to 40 percent of Western Europe's natural gas needs. (The Soviet Union currently supplies 24 percent of Western Europe's natural gas.) West Europeans emphasize that Norwegian gas will be "politically reliable"—that is, political disagreements or conflict between Western and Eastern Europe will not threaten the flow of gas from Norway. Building new pipelines from Norway will also help support European manufacturers of steel pipe and other natural gas equipment. The United States approves of the plan because it will reduce Western Europe's economic ties with the Soviet Union.

The International Effects of American Economic Policies. Europeans often describe their relationship to the U.S. economy by saying, "When the United States has a cold, Western Europe gets pneumonia." West Europeans closely follow news about the strength of the dollar, the U.S. budget and trade deficits, and the outlook for the U.S. economy. They understand—and sometimes resent—that their economic well-being is closely tied to that of another nation.

In the late 1970s and early 1980s, reducing inflation was a priority of the Carter and Reagan administrations. Both emphasized a *tight monetary policy,* which limited the amount of money available for private loans. This policy, coupled with huge budget deficits, caused interest rates to rise in the United States. High American interest rates encouraged Europeans to invest their money, or *capital,* in U.S. banks and businesses. This drained Western Europe of money needed for economic investment, and prolonged its recession.

The U.S. economic boom and its high interest rates also increased the value of the dollar overseas. The Europeans must pay for their oil imports with dollars. Consequently, as the value of the dollar rose, so did the cost of imported oil. European leaders urged President Reagan to reduce U.S. budget deficits to bring down interest rates and the value of the dollar. But the president found it very difficult to reduce government spending.

However, today, with lower interest rates and the value of the dollar down, Western European economies are showing signs of growth. Inflation is down, and employment and production are increasing. Much of the improvement has occurred because European countries are exporting more goods to the United States. Recently, exports continued to push economic expansion as European companies such as Benetton, Swatch Watch, and Laura Ashley gained a place in the American market.

The Missile Debate. NATO relies on nuclear weapons in Europe to deter an attack by the Warsaw Pact's large conventional forces. At the request of NATO leaders, the United States began modernizing its nuclear forces in Europe in 1983—deploying Pershing II intermediate-range nuclear missiles and ground-launched cruise missiles. Both types of missiles can reach targets within the Soviet Union and are in Europe to counter Soviet missiles.

After the deployment of the Pershing and cruise missiles was announced in 1982, European peace activists staged massive protests. The protesters argued that the American missiles would increase the chances of nuclear war in Western Europe. The Soviets tried to turn European and

BRITISH
PEACE
ASSEMBLY

Reuters/Bettmann Newsphotos

After the deployment of U.S. Pershing II missiles in 1983, European peace activists staged massive protests. The protesters argued that the American missiles would increase the chances of nuclear war in Western Europe.

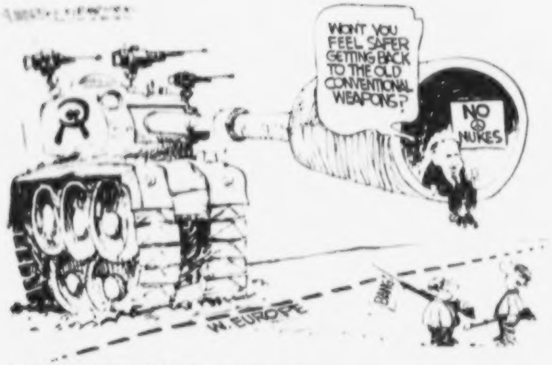
American public opinion further against the Pershing II missiles by threatening to withdraw from the arms control talks then taking place in Geneva, Switzerland, unless the deployment was canceled.

The Soviet attempt to weaken NATO's solidarity failed. Except for Denmark and the Netherlands—which delayed final deployment—the West European governments favored the Pershing II missiles. The missiles represented a strong U.S. commitment to the defense of Europe. Although the Soviets withdrew from the Geneva talks in 1983, the Pershing II missiles were deployed. In 1985, the Soviets returned to the arms control negotiations. Many people believed that the 1983 walkout lost support for the Soviets among West Europeans and that this loss of credibility helped draw the Soviets back to arms negotiations.

Current Issues

INF Treaty. Two years after the Soviets returned to the arms control negotiations, the United States and the Soviet Union agreed on a major treaty. On December 8, 1987, President Ronald Reagan and Soviet leader Mikhail Gorbachev signed the Intermediate-range Nuclear Forces (INF) Treaty. In this landmark arms agreement, subject to ratification by the U.S. Senate, the superpowers agreed to eliminate all U.S. and Soviet land-based missiles in Europe. The INF Treaty is the first agreement between the United States and the Soviet Union that calls for the dismantling of an entire category of nuclear weapons. Under the agreement, about 800 U.S. and 1,900 Soviet missiles will be eliminated within three years.

In Western Europe, many people applauded the superpower agreement as a first step toward world disarmament. Supporters of the INF Treaty believe that it makes Europe safer by reducing the chances of nuclear conflict there. Those in favor of the treaty point out that Western Europe is far


WON'T YOU FEEL SAFER GETTING BACK TO THE OLD CONVENTIONAL WEAPONS?
NO NUKES
W. EUROPE
BANG

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from defenseless even without U.S. missiles. The treaty eliminates only a small portion of NATO's nuclear weapons. Supporters of the treaty claim that Western Europe is still adequately protected by its own conventional and nuclear weapons.

But others, including some Western European leaders, warn that in spite of Soviet leader Gorbachev's policy of openness, the Soviet Union is still a fearsome military adversary. Critics of the INF Treaty point out that the Soviet Union has a history of breaking or evading agreements and that there is no guarantee that they will abide by the terms of the INF Treaty. The treaty, critics say, weakens Western Europe's defense against the Soviet Union. In addition, opponents view the signing of the treaty as an indication that the U.S. commitment to the defense of Western Europe is diminishing. They worry that the treaty will lead to a reduction in the number of U.S. troops stationed in Europe.

Fears of a decreased U.S. commitment to the defense of Western Europe have caused West European leaders to take steps to strengthen their own defenses, independent of the United States and outside the NATO alliance. For example, Great Britain and France, Western Europe's only nuclear powers, recently began discussing the joint development of an air-launched nuclear-armed missile. In addition, France and West Germany have pledged to defend each other in the event of attack.

American Military Presence in Europe. Since the end of World War II, much of American military strategy has centered on the defense of Europe. The United States currently has more than 300,000 troops stationed in Western Europe; more than two-thirds of them are located near the East-West border. Some Americans argue that the United States should withdraw its military forces from Western Europe. They claim that NATO's European members do not contribute an appropriate share of the defense and that they would be forced to provide troops if American forces withdrew.

The West Europeans say that the United States ignores their substantial contributions to the defense alliance—Western Europe provides most of the soldiers, combat planes, armored divisions, and fighting ships within the NATO alliance. West European leaders claim that they are spending more than they used to on improving NATO's military bases and increasing ammunition supplies, but also state that their funds are limited.

Another argument for pulling out American troops is that Europe does not need so many American troops for its defense, especially since the continent has been peaceful since the end of World War II. Some argue that stationing American troops in Europe strains the U.S. economy, pumping billions of dollars out of the country and into the European economies.

Those who support the presence of American troops in Europe argue that they are essential to deter Soviet aggression and demonstrate American commitment to its Western allies. Strong economic and cultural ties make Western Europe far more important than any other nation or region to U.S. military policy, say American policymakers. U.S. withdrawal might suggest to both the Soviets and our allies that the United States would not fight if Europe were attacked. In addition, supporters of maintaining U.S. troops in Europe claim that any savings resulting from a withdrawal would be more than offset by the high cost of airlifting American troops and equipment back to Europe in a crisis.

The Threat of Protectionism. The United States is suffering from a high *trade deficit* with the Europeans. In 1987, the United States imported more European goods than it exported to Western Europe, creating a trade deficit of $30 billion. Many American workers in agriculture, steel, and telecommunications say that the Europeans have installed trade barriers to protect their industries from competition from U.S. imports. These workers want Congress to implement trade barriers (such as export subsidies and tariffs) to reduce European imports and protect American jobs.

One issue in particular concerns agricultural exports. Farm goods, once the United States' chief export, have fallen significantly. The U.S. surplus from farm exports has decreased by two-thirds since 1982. American farmers blame much of the drop on the Europeans, who sell agricultural products on the world market at prices below those of American exports. American farmers are pressuring Congress to pass legislation that would reduce American agricultural prices on the world market. American farmers are also upset over tariffs that the European Economic Community places on American agricultural goods. American farmers want President Reagan to force the Europeans to reduce their tariffs or to enact retaliatory tariffs on European goods exported to the United States.

American soldiers on maneuvers in West Germany. The United States stations thousands of troops and tanks in NATO countries to deter the Soviet Union from invading Western Europe.

U.S. Army

European farmers believe that such U.S. actions would cut into their share of the world market and reduce their sales in the United States. The Europeans believe that American farmers have criticized them unfairly because the European share of the world market has remained constant over the years. Moreover, the Europeans promise to retaliate against American trade measures. Many experts fear that an increase in protectionism will result in a "trade war"—like the one that devastated the world economy during the Great Depression of the 1930s.

NATO vs. the Warsaw Pact

In 1987, the military forces of NATO and the Warsaw Pact were evenly matched in personnel (approximately 2.3 million troops), but not conventional weapons—especially tanks. The Warsaw Pact has 52,200 tanks. In contrast, NATO has 22,200 tanks.

Trade With the Eastern Bloc. The West Europeans, led by West Germany, believe that trading with the Eastern bloc will help ease East-West tensions and increase cooperation on such issues as arms control. However, the United States has pressed its allies to cut back their trade with the Soviet Union, fearing that increased East-West trade could make them vulnerable to Soviet influence. In addition, the United States fears that the Soviets will use computers and other high-technology equipment from the West to construct advanced military weapons.

The Europeans point out that they have agreed not to sell sensitive technology and information to the Soviets, and they resent U.S. pressure to limit East-West trade. They say that the United States is profiting from its grain sales to the Soviets—which are unrestricted—and that the goods they sell to the Soviets can be obtained easily elsewhere and are not of military value. Europeans point to the 1982 gas pipeline controversy as an example of how the United States often considers its own interests without regard to European interests.

Differences in Foreign Policy. In spite of close economic and military ties, the United States and its Western European allies sometimes disagree on foreign policy issues. For example, in 1987, the United States called upon the nations of Western Europe to help protect Kuwaiti oil tankers in the Persian Gulf by providing military escorts. But the European allies turned down the U.S. request.

The United States and Western Europe often disagree on the best way to handle international terrorism, political changes in Third World countries, and the conflict in the Middle East.

The West Europeans are reluctant to follow the American lead in fighting international terrorism. The United States would like to take greater diplomatic, economic, and if possible, military measures against those countries that support terrorism—such as Iran, Libya, and Syria. Western European leaders say that while these countries may be helping terrorist groups, U.S. actions will not prevent future terrorist attacks. Moreover, some Europeans question the sincerity of the United States in the fight against terrorism. They point out that while the United States was condemning Iran for sponsoring terrorism in 1985 and 1986, American officials were secretly selling weapons to the Iranian government.

The nations of Western Europe believe that political change is inevitable in Third World countries and, consequently, tend to have more sympathy for revolutionary groups than does the United States. Europeans are more inclined to see these groups as nationalists—seeking justice or independence—than as pro-Soviet puppets. For example, the West Europeans believe that the United States is overreacting to the threat of communist takeover in Central America. They argue that U.S. policies may actually be pushing some governments, such as the Sandinistas in Nicaragua, into the Soviet bloc.

The United States and Western Europe also disagree over the Arab-Israeli conflict in the Middle East. For example, Europeans claim that their approach toward the problems in the Middle East is more balanced than the pro-Israeli stance of the United States. Some of these differences in policy can be traced to Western Europe's dependence on Arab oil and its past colonial ties to the area.

The "Iron Curtain"

British Prime Minister Winston Churchill first used the term "iron curtain" in a speech given in 1946 at Fulton, Missouri. Churchill said, "From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the Continent."

Outlook

In the last ten years the United States and its Western European allies have often differed. No longer do Western European leaders automatically approve U.S. policy. Frequently they see their own interests at odds with the interests of the United States. Some experts believe that the "decoupling" of Western Europe from the United States will accelerate. They predict that Western European leaders, wary of the Soviet Union at their perimeter, will look to non-NATO alliances to ensure their safety. In addition, many people believe that the Western allies will be called upon to shoulder more of the burden of the NATO defense.

TheDebate WesternEurope

Should the United States Reduce the Number of Troops Stationed in Western Europe?

PRO

Some 300,000 U.S. troops and their equipment are stationed in Western Europe at great expense to American taxpayers and great advantage to European businesses. The possibility of a Soviet invasion is remote. The INF Treaty shows the willingness of the Soviet Union to make peace with the West. Bringing U.S. troops home would save the United States billions of dollars and force the Europeans to pay their fair share for Europe's defense.

CON

The withdrawal of even a few American troops from Europe could greatly jeopardize the security of NATO. The elimination of intermediate-range nuclear weapons from European soil means that NATO will be more dependent on conventional forces to defend Western Europe. The Soviet Union has a history of aggression and of breaking commitments. U.S. troops are needed to ensure that Western Europe is protected from Soviet aggression.

Should the United States Retaliate Against Restrictive European Trade Practices?

PRO

The United States cannot sit idle while the European Economic Community erects unfair trade barriers. The United States must retaliate to save its own jobs and industries. If Western Europe tries to keep American exports out, the United States should apply the same type of restrictions to imports from European countries.

CON

Although showing signs of growth, the economies of Western Europe are still beset with problems. Western Europe has to protect jobs by limiting imports and subsidizing industry. To retaliate would only start a trade war which would hurt everyone eventually. Widespread protectionism stifles long-term economic growth.

Does European Trade With the Soviets Help to Ensure Peace?

PRO

East-West trade is good for Europe. It not only helps European economies, but also makes the Soviets interdependent with Western Europe. A long-term, close business relationship between the Soviets and Western Europe will ease East-West tensions and increase cooperation on such issues as arms control.

CON

Trading with the communists is dangerous. The Soviets have been purchasing advanced Western European computers and other technology to strengthen their military program. Such projects as the gas pipeline are especially dangerous, since they give the Soviet Union billions of dollars to finance its arms programs and make Western Europe dependent on Soviet products.

Nuclear Proliferation

A group of terrorists hijacks an American plane transporting plutonium, the key ingredient in the manufacture of nuclear bombs. The terrorists threaten to blow up the plane in mid-air if the pilot refuses to land in their country. Is this the plot for a television movie? No, this scenario could actually happen, say some nuclear scientists who view the growing commerce in nuclear technology as an opportunity for such an event to occur.

Many analysts are fear that the spread, or *proliferation*, of nuclear weapons is increasing. Although it is known that five nations—the United States, the Soviet Union, Great Britain, France, and China—have nuclear weapons, several other nations are suspected of having "the bomb." They include India, Pakistan, and South Africa.

Still other nations have sought to acquire nuclear technology and materials, through legal and illegal means. Some non-nuclear countries have pressured nuclear nations to share their technology. But, even with promises by non-nuclear nations to use nuclear technology for peaceful purposes, there are dangers. First, once a country has a nuclear reactor, it can, even with international safeguards, build a nuclear weapon. Second, as more nations acquire nuclear technology, it is more likely to fall into the hands of terrorists or a politically unstable nation. Some analysts claim that nuclear weapons seem ready to spread to small industrialized nations and unstable, war-torn countries. They say that unless nuclear proliferation is brought under control, the devastation of nuclear war may become a frightening reality.

Key Questions

- Can nuclear proliferation be controlled?
- Should the United States halt sales of technology and materials that can be used to make nuclear weapons?
- Should the United States sell more conventional arms to nonnuclear nations in the hope that they will not try to develop nuclear weapons?

Background

The Spread of Nuclear Weapons

The Atomic Bomb and the United States. In August 1945, the United States dropped two atomic (nuclear) bombs on Japan. These bombs leveled the cities of Hiroshima and Nagasaki and killed more than 140,000 people, causing Japan to surrender and thus bringing World War II to an end.

The dropping of the bombs demonstrated to the world the awesome power of nuclear technology. Soon after the war, the United States proposed in the United Nations that all nuclear activities and materials be placed under international ownership and that all nuclear weapons be destroyed. The Soviet Union, however, vetoed this proposal. The Soviet Union feared that the United States would always have a military advantage if the Soviets gave up their plans for building a nuclear device.

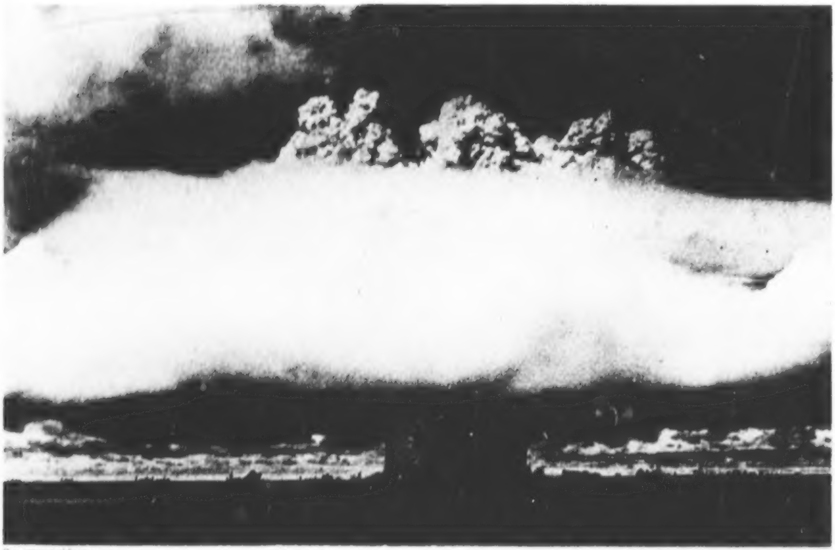
Other Nations Join the Nuclear Club. In the 1940s, the United States believed that it would take another ten to twenty years before other nations could develop nuclear arms. But the hopes of a nuclear monopoly were shattered when the Soviet Union exploded its first nuclear device in 1949 and Great Britain followed suit in 1952. Faced with the possibility of nuclear weapons technology spreading throughout the world, the United States proposed the "Atoms for Peace" program. Sponsored through the United Nations, this program promoted the peaceful uses of nuclear technology, such as energy production and medical research. Nations participating in the program were forbidden from using the technology to make nuclear weapons.

International Atomic Energy Agency. As part of the Atoms for Peace program, the United Nations created the International Atomic Energy

Nuclear Testing

According to the Center for Defense Information, the United States and the Soviet Union tested the greatest number of nuclear devices between 1949 and February 1988.

Nation	Number of tests
United States	879
Soviet Union	621
France	162
Great Britain	41
China	33
India	1



Department of Energy

Since 1945, France, Great Britain, the People's Republic of China, the Soviet Union, and the United States have tested many nuclear weapons. The testing has led to larger, more powerful weapons than those dropped on Hiroshima and Nagasaki. If nuclear weapons spread to other countries, traditional relations between nations could be upset.

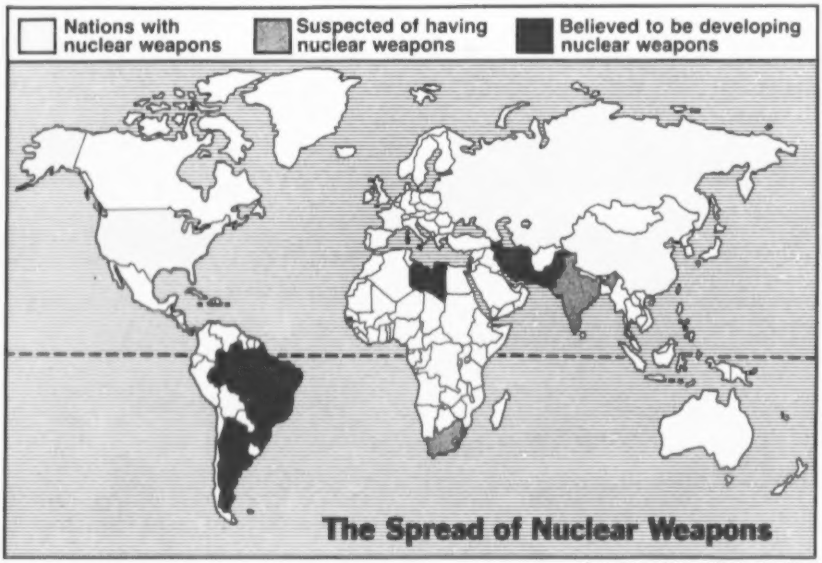
Agency (IAEA). This administrative agency inspects nuclear facilities to make sure no one misuses nuclear technology or diverts fuel to make bombs. Although the IAEA has no enforcement powers, it serves as a watchdog to ensure that members of the international community live up to the agreement.

New Club Members. In the early 1960s, both France and China detonated atomic bombs, adding to the number of members of the nuclear weapons "club." The original three nuclear powers worried that still more countries would develop the bomb and create international instability. Many nonnuclear countries resented this attitude, pointing out that they would be just as judicious in their use of nuclear weapons as would club members. They also said that the real nuclear problem was the growing number of missiles and bombs of the superpowers.

Treaty of Tlatelolco (1967). The United States and most of the nations of Latin America negotiated one of the first major nonproliferation agreements, the Treaty of Tlatelolco, in 1967. Their goal was to make Latin America a "nuclear-free zone." Individual Latin American countries agreed not to manufacture, test, or acquire nuclear weapons. They invited the countries with nuclear weapons to sign agreements promising not to deploy such weapons in Latin America or in the surrounding waters. Cuba and Argentina have not ratified the treaty officially, and Chile and Brazil are not abiding by the treaty because of the holdouts.

Nuclear Nonproliferation Treaty (1968). After many years of debate and negotiations, the General Assembly of the United Nations approved a treaty intended to: (1) halt the spread of nuclear weapons; and (2) promote peaceful uses of nuclear power. The treaty permitted all nonnuclear *signatories* (signers) access to peaceful nuclear technology from participating nuclear powers. The nonnuclear countries had to promise not to use the technology to make weapons and to let the IAEA inspect their nuclear power facilities to verify that this promise was being kept. The United States, the Soviet Union, and Great Britain—the only club members to sign the treaty—agreed not to help others build nuclear bombs. The United States and the Soviet Union also promised to negotiate "in good faith" to end the arms race. Critics of the treaty say that it offered too much access to nuclear technology and materials in return for too weak a promise not to make weapons. They also point out that, although more than 125 nations have signed the treaty, key countries such as China, France, Israel, South Africa, India, Pakistan, Argentina, and Brazil have not.

The Nuclear Club's Newest Member. In 1974, India exploded a nuclear device for what it called "peaceful purposes." This explosion united the industrialized world on the need to adopt stronger measures to stop nuclear proliferation. In 1975, fifteen countries that supplied nuclear technology met in London to discuss export controls. Three years later, the group released "supplier guide-


Nations with nuclear weapons
Suspected of having nuclear weapons
Believed to be developing nuclear weapons

The Spread of Nuclear Weapons

Source: Carnegie Endowment for International Peace

lines" that required customers to promise not to make nuclear explosives, to keep all nuclear materials under guard, and to abide by IAEA safeguards on all new nuclear technology and materials. The United States and the Soviet Union proposed even stronger guidelines—including IAEA inspection of all nuclear facilities and materials, no matter when they were obtained—but this proposal was not approved.

U.S. Nuclear Nonproliferation Act (1978). In 1978, Congress voted almost unanimously to support the Nuclear Nonproliferation Act. This act restricts the export of American nuclear materials, equipment, and technology to countries suspected of developing nuclear weapons. This act also reinforced earlier legislation that imposed restrictions on American foreign aid to such countries and was an example of the toughening international attitude toward controlling proliferation.

Review of Nonproliferation Treaty (1985). In 1985, the signatories of the 1968 Nuclear Nonproliferation Treaty met to review progress made under the treaty. Most of the 130 delegates concluded that the treaty had helped to slow the spread of nuclear weapons but that the United States and the Soviet Union were not living up to their agreement to negotiate an end to the arms race. The delegates also accused the superpowers of not abiding by the treaty's conditions of sharing peaceful nuclear technology. The nonnuclear nations warned that, unless the United States and the Soviet Union lived up to their responsibilities, the treaty might not be renewed when it expires in 1995.

U.S.-China Nuclear Pact. In 1985, President Ronald Reagan and Chinese President Li Xiannian signed a $6-billion nuclear cooperation pact. However, some U.S. senators threatened to block the pact in Congress because the agreement lacked written assurances that China would not transfer U.S. technology to other countries. The senators claimed that China could not be trusted because it had already shared nuclear weapon plans with Pakistan and had sold nuclear technology to South Africa and Argentina. However, the president said that Chinese leaders had given extensive verbal commitments that they would not transfer U.S. nuclear technology or use it for their own military purposes. After Reagan promised to monitor the pact closely, Congress allowed it to take effect at the end of 1985.

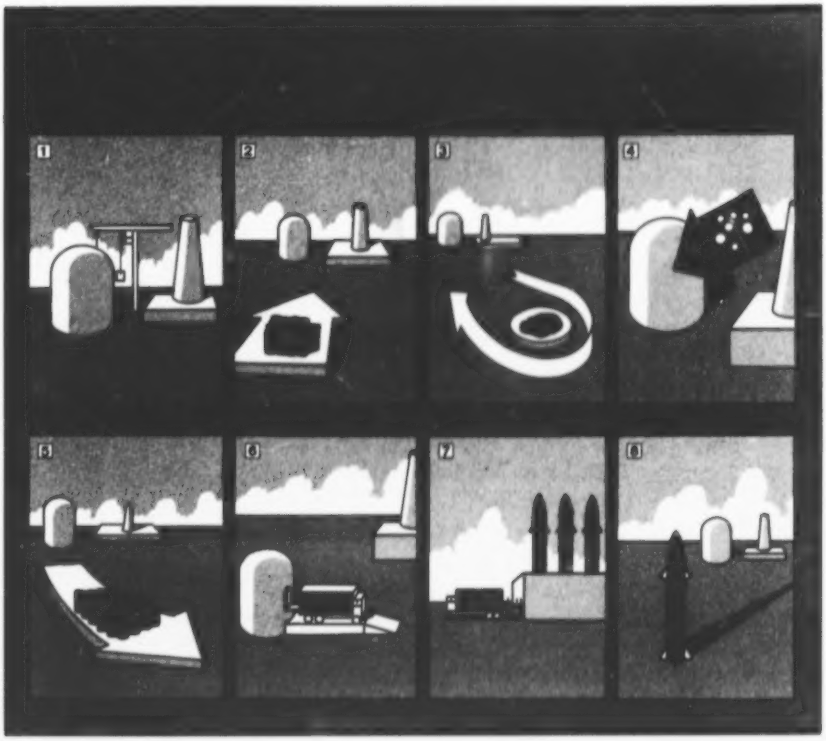
Pakistan, the United States, and Nuclear Weapons. In 1986, Pakistan took major steps toward acquiring nuclear weapons. Pakistani scientists made highly enriched nuclear fuel and tested special detonators that trigger atomic explosions. Some analysts now believe that Pakistan can assemble a nuclear bomb in a short amount of time.

Pakistan's progress in developing nuclear weapons creates problems for the United States. Currently, Pakistan channels U.S. aid to rebels fighting Soviet troops in neighboring Afghanistan. In return, the United States gives Pakistan about $480 million in military and economic aid each year. However, if Pakistan begins to build nuclear weapons, the United States is required by law to suspend all aid. Such a move could ruin relations between the two countries and curtail U.S. involvement in southern Asia.

Current Issues

Can Nuclear Proliferation Be Stopped? The problem with trying to regulate nuclear weapons on an international scale is that many countries believe that nuclear weapons will improve their national security. Faced with nuclear-armed adversaries or involved in area conflicts, many countries believe that nuclear weapons will tip the balance of power in their favor. Other nations desire the power and prestige that come from developing a nuclear arsenal. For example, it is widely believed that Israel secretly has developed a nuclear arsenal of 100 warheads, and some experts believe that Libya has tried to get nuclear weapons to establish its military and political dominance in northern Africa. Other experts think that Brazil and Argentina are engaged in a nuclear arms race, each trying to be the first nation in South America to develop its own atomic weaponry.

Many nations with nuclear technology are often accused of encouraging the spread of nuclear weapons. For example, these nations—including the United States, China, and France—supply other countries with the knowledge, technology, and materials to construct nuclear reactors to earn money and improve relations. But the materials and technology they sell can be used to develop nuclear weapons. Most nuclear transfers take place under internationally approved safeguards, but it is still possible for a determined country to develop nuclear bombs away from the watchdogs that monitor nuclear facilities. Nuclear fuel can be diverted secretly from peaceful nuclear facilities



Despite international safeguards, a nonnuclear nation may be able to secretly obtain plutonium, which is essential to the building of nuclear weapons.

1 ***With foreign help, nation builds nuclear reactor to produce electricity or conduct research;***

2 ***Under international supervision, nation buys enriched fuel to run reactor;***

3 ***Nation then secretly buys unsafeguarded "yellowcake" (crushed uranium ore) and converts it into pellets of uranium metal;***

(continued on p. 285)

to reprocessing plants where weapon-grade material is separated out. The lower-grade nuclear fuel is then returned to the original facility where it is monitored by the IAEA. Many experts believe that, once a country has a "peaceful" nuclear reactor, it has completed the first step toward building nuclear weapons.

How Effective Are Current Safeguards? Many experts believe that nuclear proliferation can be controlled but not stopped. They point out that the spread of nuclear weapons has slowed over the past twenty years. No new nations have joined the weapons club since 1964, and only India has exploded a nuclear device since then. More than 125 nations have signed the Nuclear Nonproliferation Treaty, more than forty of them since 1974. China has indicated that it will join the IAEA and perhaps allow international inspection of its nuclear facilities.

An important part of this nuclear slowdown, these experts argue, is the willingness of the international community to work together. Concern over the spread of nuclear weapons transcends ideological and political boundaries. Using diplomatic pressure, the threat of trade sanctions, and the threat of cutting off future nuclear cooperation, nations that supply peaceful nuclear technology have made other nations think twice about the consequences of developing nuclear weapons.

Some experts, however, fear that international unity on nuclear proliferation is impossible. They point to disagreements on how to approach the problem, inconsistency in policy, and ineffective enforcement of international safeguards. They say that some nations will always want to develop nuclear weapons and that other nations will always be willing to provide the tools. As a result, these experts say, nuclear proliferation may soon increase.

Will Cooperation Work? Many experts argue that current international safeguards, such as on-site inspections, are inadequate. Development of nuclear weapons is not always detected, and nations do not expect to be punished if they build nuclear arms. Because no international organization has the power to take significant action against such nations, some countries are led to take their own protective measures. For example, in June 1981, Israeli jets destroyed Iraq's French-built nuclear reactor. Although Iraq had agreed to the Nuclear Nonproliferation Treaty, the Israelis claimed Iraq was in fact developing an atomic weapon. Believing that the safeguard had failed, Israel decided it had to act on its own to protect its national security. Experts say that this incident shows how little some nations trust the international community to stop the spread of nuclear arms.

Unless safeguards are strengthened, many experts believe that other nations will take similar actions. However, other experts believe that no level of international safeguards can guarantee

4 ***Pellets are secretly placed in nuclear reactor. Reactor bombards pellets with radiation, converting some uranium pellets into plutonium;***

5 ***When original fuel is "burned up," it is removed from reactor under international supervision;***

6 ***Pellets are secretly removed from reactor and taken to unwatched "hot cell" where plutonium is extracted from pellets;***

7 ***Extracted plutonium is sent to a "bomb factory" and placed in a pre-constructed weapon;***

8 ***Nuclear weapon.***

that nuclear reactors will not be used to make nuclear bombs. They point out that transfers of peaceful nuclear technology and materials—used for energy production—can also be used to develop nuclear weapons.

Setting an Example. Some U.S. leaders have urged that the United States should set an example for the world by sharply restricting American sales of nuclear technology because it might be used for military purposes. But opponents of this concept argue that overly strict American controls are ineffective since nations can easily find nuclear fuel and technical know-how elsewhere. Opponents say that the United States should not deny nuclear technology to "nonrisk" nations—nations that are not seeking nuclear weapons. They argue that the United States can better control nuclear proliferation among its allies by demonstrating that it is a reliable trading partner.

The Carrot or the Stick? The debate over U.S. sales of nuclear technology is part of an ongoing debate over how to stop nuclear proliferation. Which approach works better—the "carrot" or the "stick"? The carrot approach stresses cooperation through friendly relations and behind-the-scenes negotiations. The stick approach emphasizes punishing uncooperative nations, by limiting trade or by other assertions of power.

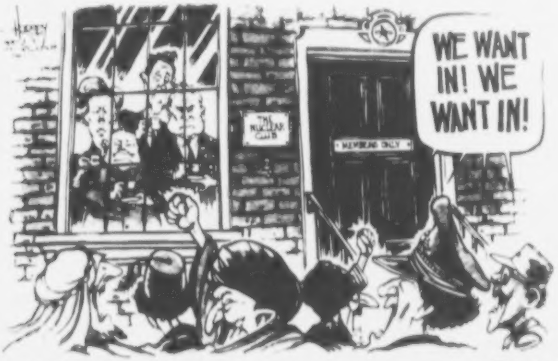
The Nuclear Nonproliferation Act of 1978 was an example of the United States using the stick. In this case, countries that refused to comply with the nonproliferation act were to be punished. But during the Reagan administration, the government announced a change in approach, arguing that the United States would be more successful in achieving nonproliferation if it became a "predictable and reliable partner for peaceful nuclear cooperation." This strategy is based on the belief that friendly relations give more leverage than do threats.

One part of the carrot approach involves increasing the sale of *conventional*, or nonnuclear, arms. Supporters of this view claim that if nations such as Pakistan seek nuclear weapons as security against potential attack, then selling them sophisticated conventional arms would decrease their insecurity and thus reduce their desire for nuclear arms. However, critics of the carrot approach say that selling weapons to insecure countries only makes them more likely to get involved in war and in no way reduces their desire for the ultimate weapon, the nuclear bomb.

What If Nuclear Weapons Become Widespread? The spread of nuclear weapons threatens to upset traditional relationships between nations, thus increasing the danger of nuclear war. For example, a nation with a large army would no longer have a decided military advantage over a nation with a small army, and conflict between two enemies could quickly escalate into worldwide nuclear war.

According to many experts, eight more nations—Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa—may have, or may be capable of making, nuclear bombs within ten years. Many of these countries have been fighting with their neighbors for years or have disputes with the superpowers. Some are led by unpredictable rulers who might use a nuclear weapon if they had one.

World leaders are also concerned that the spread of nuclear weapons may increase the chances that terrorist groups may obtain nuclear weapons. For example, a terrorist group could



David Horsey, Seattle Post Intelligencer sneak a small nuclear bomb into a city and either detonate it or threaten to do so unless certain demands were met. The threat could not be ignored because hundreds of thousands of lives would be at risk. Such terrorist attacks would be difficult to stop. And retaliating with nuclear weapons would kill thousands of innocent people and might lead other nuclear powers to use their nuclear arms. The only solution is to try to prevent terrorist groups from obtaining weapons in the first place.

Fortunately, the chances of terrorist groups acquiring nuclear weapons are small. But terrorists might be able to steal the nuclear fuel needed for building a bomb from a nuclear power plant. Although security is tight at these plants, fuel has turned up missing in the past. In 1982, the United States said that it could not account for 55.6 pounds of plutonium (less than five pounds is needed to create a small bomb). And in 1977, the United States revealed that more than 8,000 pounds of weapon-grade fuel had disappeared since the 1940s. Many experts believe that some of this fuel was diverted to the Middle East, where the Israelis secretly developed a nuclear arsenal.

Outlook

Most nations support the goal of nonproliferation, and the international community has had some success in slowing down the spread of nuclear weapons. No new nations have exploded a nuclear device since 1974. Some countries—such as South Korea and Taiwan—were once thought to have been on the verge of nuclear capability, but have not taken significant steps in that direction in the last few years. Other countries—such as Argentina and Brazil—have pledged to seek only peaceful uses for their technology. The number of signatories to the Nuclear Nonproliferation Treaty continues to grow. In 1985, North Korea signed the treaty at the urging of the Soviet Union. New talks between supplier nations should produce tighter controls on nuclear exports, and the United States and the Soviet Union are continuing their own talks on nuclear arms control. But the technology and materials for developing nuclear weapons remain available to nonnuclear nations, and it is not clear that any policy can stop nuclear proliferation completely. Nations such as Pakistan are actively seeking nuclear arms. In all probability, the number of nations with nuclear weapons will grow slowly, and with that rise the risk of nuclear war will also increase.

The Debate Nuclear Proliferation

Can Nuclear Proliferation Be Controlled?

PRO

Nuclear proliferation is a tough but manageable problem. The spread of nuclear weapons has slowed significantly over the past ten years. The number of signers to the Nuclear Nonproliferation Treaty continues to grow. Nuclear nations recognize their contribution to the problem and have taken steps to tighten exports of nuclear materials and technology. They continue to pressure nonnuclear nations against developing their own nuclear arsenals.

CON

The proliferation "slowdown" of the past decade is a mirage. Argentina, Brazil, India, Iraq, Israel, Libya, Pakistan, and South Africa secretly have, or will try to develop, nuclear bombs. Some nations will always seek nuclear weapons, no matter what the cost, and others will always be ready to provide nuclear technology and materials. The spread of nuclear weapons continues despite the international community's best efforts.

Should the United States Halt Sales of Technology and Materials That Can Be Used to Make Nuclear Weapons?

PRO

The next country to use the atomic bomb will not be the United States or the Soviet Union. It will be another country that has built a bomb from materials provided by the nuclear club. If we keep selling weapon-related material worldwide, the question will not be "Who has the bomb?" but "Who does not?" Therefore, a U.S. ban on the sale of plutonium and sensitive nuclear technology would limit the amount available on the world market and set a worthy example to other nuclear-exporting countries.

CON

Halting sales of weapon-related materials and technology would only work if the United States were the sole supplier. Twenty-five years ago, we might have had such a monopoly, but today China, France, Japan, West Germany, and other countries are both able and willing to export nuclear materials and technology. Without the support of other countries, a U.S. ban would only result in American firms losing business and American workers losing jobs and would signal to our allies that we do not trust them.

Should the United States Sell More Conventional Arms to Nonnuclear Nations in the Hope That They Will Not Try to Develop Nuclear Weapons?

PRO

The only way to solve a problem is to attack its root. The root of the proliferation problem is that nations want to protect themselves from a conventional attack from a superior military force. Increasing a nation's ability to fight a conventional war can help decrease its feelings of insecurity and hence give it less reason to develop nuclear weapons.

CON

The theory that more conventional weapons offer security and prevent war will not work. Nations fight wars with weapons. Supplying more weapons, especially in volatile regions such as the Middle East and Southwest Asia, will make war more likely, not less. Besides, nations seek nuclear weapons for reasons of prestige—to be the strongest. Selling conventional arms does not get to the root of the problem.

World Poverty and U.S. Foreign Aid

One billion people—over one-third of the world's population—currently live in poverty. Despite advancements in agricultural technology and international aid programs, there are now more starving people in the world than ever before. Analysts estimate that 35,000 people die of starvation every day. Drought, famine, poor resource management, and war continue to frustrate international efforts to get help to the world's poorest people.

For years, industrialized countries have poured billions of dollars into the underdeveloped nations of the Third World. This aid has come in the form of emergency relief operations—such as airlifts of food to drought-stricken Africa—and long-term development programs that establish economic stability in Third World nations.

But foreign aid has implications far beyond humanitarian considerations. Foreign aid is a powerful weapon in a nation's arsenal, and may be awarded or withheld according to political and economic interests, unrelated to the interests of those who need help.

The United States annually gives billions of dollars in aid to friendly countries in the form of food, technology, loans, grants, and military equipment. But in recent years, foreign aid programs have come under fire. Many Americans wonder if U.S. aid really helps poor countries, or if the money could be better spent on domestic programs.

Key Questions

- Should the United States reduce foreign aid?
- Should politics determine who gets aid?
- Should the wealth of the industrialized countries be shared with the Third World?

Background

The Terms of Poverty. In international relations, the United States and its allies are often called the First World, and the Soviet Union and its allies, the Second World. Many poor countries, especially those not allied with the United States or the Soviet Union, are often called developing countries, or the Third World. The poorest of the poor countries—such as Bangladesh, Nepal, Haiti, Ethiopia, Somalia, and Burundi—are often called the Fourth World. The [illegible] is also used to distinguish between the rich countries of the North and the poor countries of the South, since most of the poor nations are in Africa, Asia, and Latin America.

The Pattern of Poverty. More than 1 billion people live in conditions unimaginable to most Americans. In developing countries, most roads are unpaved. Few villages have plumbing and electricity. Farming is still done with the most basic tools and techniques, and there is little industry. Health standards are very low, leading to a short life span, rampant disease, and a high rate of infant mortality. Often more than 75 percent of the population cannot read or write. In most countries, land and income are unequally distributed.

Many people in less developed countries produce only enough food to survive. Natural disasters such as drought or floods can be devastating.

Agency for International Development

UN Photo 164600/John Isaac

Around the world, more than one billion people suffer from hunger. Although many countries, including the United States, provide humanitarian assistance to relieve hunger, the problem continues to grow.

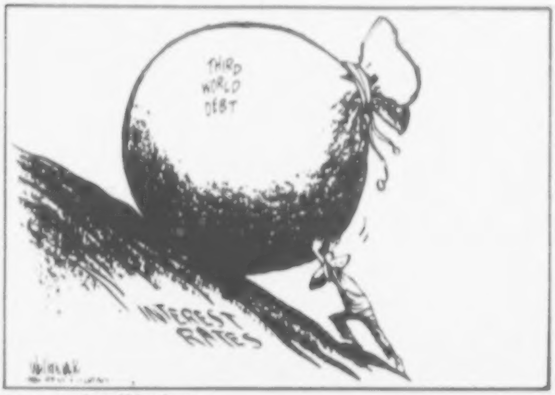
Average incomes in Third World countries are often less than $300 per year, although a small percentage of people enjoy considerable wealth.

World Hunger. The poor are also hungry. Despite advances in agricultural technology and years of international aid programs, there are more starving and malnourished people today than ever before. Between 13 million and 18 million people die from hunger every year—more than 35,000 people a day. According to population experts, as many as 1 billion people suffer from *undernourishment* (a lack of protein and calories), *malnutrition* (a lack of proper nutrients), or other forms of hunger. In the 1950s, one of every fifteen people in the world suffered from malnutrition; today that rate has doubled, in part because of the continuing growth of world population. Suggested ways to combat hunger include population planning, more efficient farming methods, and larger international assistance programs. But so far, many governments have been unable or unwilling to provide anything more than stopgap measures.

In the early 1980s, many African countries suffered the worst drought and famine in this century. The drought was intensified by inadequate food distribution systems, inefficient economic policies, a 20-year pattern of declining food production, and civil war. The most severely affected areas were in Ethiopia, Ghana, Mauritania, Mozambique, the Central African Republic, Chad, and the Sudan. Many foreign aid experts predict that for years to come, Africa will suffer from increasingly severe food shortages, which could eventually affect 100 million to 150 million people.

Third World Debt. During the 1970s, many developing countries borrowed huge sums of money from American and European banks to finance industrial development. Faced with a slumping world economy and high interest rates, they have been unable to pay off their loans and have fallen deeply into debt. This large debt has sharply curtailed their economic development. Poor oil-producing countries, such as Mexico and Nigeria, have been especially hard hit because the price of oil dropped dramatically in 1985-86. These countries were relying on oil revenues to pay off their debts. In 1987, Brazil—the largest debtor nation in Latin America—announced that it could no longer pay the interest on its $108 billion debt. Some experts warned that Brazil's announcement could threaten the stability of the international banking system.

The economic and development problems of Third World nations have led some leaders to call for a New International Economic Order. Sup-



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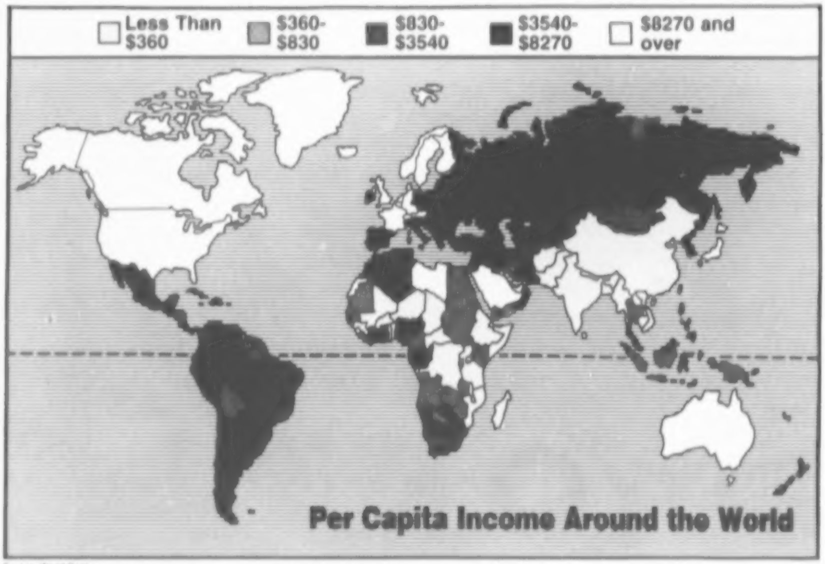


Per Capita Income Around the World

Source: World Bank

porters say that the New International Economic Order would redistribute the world's wealth on a more equitable basis and allow the countries of the South to raise their standard of living. The northern countries have made some concessions but consider most of these demands unreasonable and unjustified.

Why Help the Third World? The United States provides foreign aid to the Third World for several reasons. First, the U.S. government gives aid to friendly countries to maintain a strong alliance system around the world. Strong allies improve the national security of the United States. Second, the U.S. government aid helps raise the standard of living of Third World countries, enabling them to buy more American products. Third World nations buy more products from the United States than do Europe and Japan combined. Third, the United States uses foreign aid to promote political stability in a region by providing governments with military equipment and funds for economic development. And fourth, the United States provides aid for humanitarian reasons—to feed the poor, treat the sick, and improve living conditions.

U.S. Foreign Aid Programs. Every year, the United States gives about $15 billion to other countries, many of them poor. U.S. aid is mostly *bilateral*—it goes directly from the United States to another country—and is broken into two categories: (1) development and humanitarian assistance, and (2) security assistance. Development and humanitarian assistance is used to build roads, power plants, schools, and hospitals and to provide food for the hungry. The funds are channeled through the Agency for International Development (AID), which oversees a variety of programs. For example:

- the Agriculture, Rural Development, and Nutrition Program helps increase agricultural production in other countries;
- the Food for Peace Program provides low-cost American grain to countries having difficulty feeding their people;
- the Sahel Development Program aids countries that border the Sahara Desert become self-sufficient food producers;
- population planning aims to reduce population growth through family planning; and
- the Child Survival Fund immunizes children against disease and improves their diet.

AID also funds programs that help countries resettle refugees left homeless by famine, natural disaster, or civil war.

The United States provides security assistance to strengthen the armed forces and economies of friendly governments. Security assistance is almost twice the amount of development and humanitarian aid. The United States provides governments with money to buy American-made weapons, airplanes, military vehicles, and to train soldiers for their national defense. Another component of security assistance is the Economic Support Fund (ESF). U.S. officials believe that the ESF is vital to ensure that our allies' governments remain stable. Loans and grants are deposited in foreign treasuries for general budget use and to finance development projects. The two

A Crisis

According to the Hunger Project:

- 1 billion people are chronically malnourished
- 13-18 million people die of hunger every year
- 18 children die from hunger every minute

largest recipients of Economic Support Fund money—Israel and Egypt—account for about half of the program.

Multilateral Aid. The United States also gives money to international organizations. These organizations then distribute money to needy countries to help them combat specific problems. This type of aid is called *multilateral* because it is received by many nations. The two largest multilateral aid sources are the World Bank and the United Nations Development Program. Both organizations grant aid based on need rather than politics.

Current Issues

U.S. Foreign Aid Policies. Today, many experts believe that foreign aid is a powerful tool in promoting American interests overseas. These policy makers believe that foreign aid should be used to accomplish specific foreign policy objectives—first, to bring peace to the Middle East, and second, to promote American interests in Central America and the Caribbean basin. These two areas receive more U.S. foreign aid than any other region in the world, and the percentage is increasing. Other—often poorer—countries currently receive less money because they are not considered as important to American security. Some critics have said that this strategy is shortsighted. They argue that granting the majority of foreign aid funds to only two areas of the world creates resentment against the United States and forces other countries to look toward the Soviet Union for assistance.

Agency for International Development

Working through the Agency for International Development, the United States provides more than $3.2 billion in humanitarian and development assistance. However, security assistance ($8 billion) makes up the bulk of U.S. foreign aid.

In addition, some experts believe that Third World interests are better served by open trade and increased private investment than by "handouts" from the developed world. These experts liken U.S. aid programs to the saying "if you give a man a fish, he will eat for a day; if you teach him to fish, he will eat for the rest of his life." They believe that the United States should encourage developing countries to transfer government services—such as supplying housing, energy, and transportation—to private industry. They point to Jamaica, where the government leased hotels to private companies, and to Bangladesh, where private businesses now distribute the nation's fertilizer, as successful examples of "privatization." Currently, more than 15 percent of U.S. development assistance goes to projects involving the private sector.

Critics of open trade and increased private investment say that these policies are not easing poverty in the Third World and are actually hindering development. Critics argue that more private investment may increase the power of U.S.-based multinational corporations to dominate the economies of Third World nations. Third World leaders also reject the belief that free-market investment will improve their countries' plight. They say that the private sector is not yet sophisticated enough to provide goods and services for an entire nation. They believe that only their governments have the money, power, and organization to build large-scale projects such as railroads, roads, irrigation systems, or dams.

The New International Economic Order. The developing nations have been calling for global talks aimed at redistributing the world's wealth among all nations. They believe that the current international economic system favors the industrialized countries and keeps the poor countries in extreme poverty. The developing countries want: (1) more say in how the World Bank and the International Monetary Fund allocate money, (2) higher prices for their products, (3) sophisticated technology at relatively low cost, and (4) low-interest development loans without political conditions attached. In addition, the developing countries want the industrialized nations to import more Third World goods. The developing countries have tried to initiate negotiations to implement these changes, but have been generally rebuffed by the Western world.

The United States—and many other Western countries—does not support the New International Economic Order, calling it unrealistic and unfair. The U.S. government claims that the current international system has been successful and has generated unprecedented growth. It acknowledges that some inequalities exist under the current system, but says that sudden shifts of financial resources and trade policies would inhibit economic growth, not help it. The United States has also maintained that no country or group of countries should be allowed to control the International Monetary Fund or the World Bank and that the independence of these organizations is crucial to international economic growth.

Criteria for Aid: Need vs. Politics. To whom should American foreign aid be given? Some experts say it should go directly to the people most in need, such as those in the extremely poor countries of Ethiopia and Sierra Leone. Others say that aid should go only to the most important political and military allies of the United States.

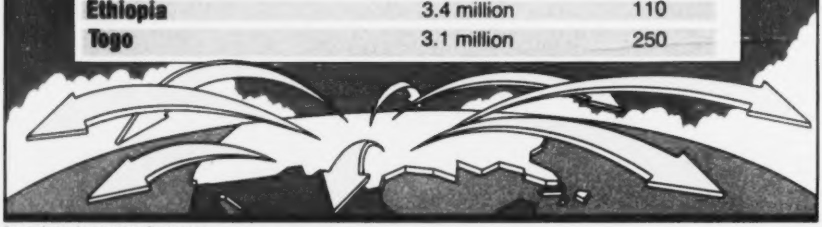
Traditionally, the United States has provided the most aid to its allies. During the 1950s, the United States concentrated on aiding the poor

The United States gives aid to other countries to gain allies and provide support to friendly governments. The United States considers many factors when determining the amount of aid to give another country, including its location, economic problems, and humanitarian needs.

Recipients of Foreign Aid

[illegible]

Country	U.S. Aid	Average Income
Israel	$ 3,000.0 million	$ 5,060
Egypt	2,299.2 million	720
Turkey	914.9 million	1,160
Pakistain	684.2 million	380
Bangladesh	140.7 million	130
Burma	21.2 million	180
Ethiopia	3.4 million	110
Togo	3.1 million	250



Source: Agency for International Development countries whose political support it most wanted. In the early 1960s, under the Alliance for Progress Program, the United States used foreign aid to prevent communism from spreading in Latin America. In the 1970s and 1980s, the United States sent large amounts of military and economic aid to the Philippines.

The same philosophy underlies U.S. foreign aid programs today. The government gives economic and military assistance to regimes facing internal threats from communist guerrillas or external threats from the Soviet Union as well as to those countries located in important military regions in the world. Many members of Congress believe that a combination of economic and military aid decreases communist influence in an area. The four largest recipients of U.S. foreign aid—Israel, Egypt, Pakistan, and Turkey—occupy important positions in the Middle East or along the border of the Soviet Union.

Many people criticize U.S. foreign aid programs, but for different reasons. Some believe that the United States spends too much money on foreign aid. This group points to the huge federal budget deficit and says that the United States should meet its own needs before sending money to poor countries. Others criticize the government's emphasis on U.S. security interests. These people maintain that human need, not politics, should be the key factor when allotting aid. They point out that, after inflation is taken into account, the United States now gives less than half the aid it gave in 1955.

Outlook

In the 1988 federal budget, Congress cut or eliminated U.S. foreign aid programs to more than thirty countries. Some members of Congress said that they were reluctant to give more money for overseas programs while the federal budget deficit is so large and domestic programs are still being cut. Many other Americans also oppose increased foreign aid. They believe that the United States should stop giving "handouts" to other countries. With opposition so strong, it is unlikely that Congress will agree to increase U.S. foreign aid in future budget negotiations. However, aid will continue to be given to U.S. allies to promote political stability and the development of American-style economies.

The Debate World Poverty

and U.S. Foreign Aid

Should the United States Reduce Foreign Aid?

PRO

The United States cannot afford major increases in foreign aid. The first priority of the federal government must be to reduce the budget deficit. Although the United States has pumped millions of dollars into the Third World, poverty and hunger still prevail, and many recipient countries do not act in the best interests of the United States.

CON

Foreign aid is an inexpensive way of promoting U.S. interests. Our foreign aid programs create long-term friendships for us throughout the world. In return, many countries allow us to build military bases on their soil. And many aid programs are tied to long-term contracts for American business and agriculture—contracts that benefit our economy. Finally, foreign aid saves lives. The United States has a moral responsibility to help those in need.

Should Politics Determine Who Gets Aid?

PRO

Foreign aid is a legitimate tool of foreign policy. The United States should not give aid to unfriendly governments. In particular, we should stop supporting multilateral institutions that spend American dollars on projects in communist countries. Though the United States should help the poor of the world, its funds are limited and should go to poor nations that are friendly to the United States.

CON

Human need, not politics, should be the basis for giving aid. People's lives are at stake, and they should not be used as pawns in an ideological battle. To the extent that political criteria are used, the United States should favor democratic governments that respect the human rights of their citizens. Too much aid goes to "friendly" dictators who never use it for the people.

Should the Wealth of Industrialized Countries Be Shared with the Third World?

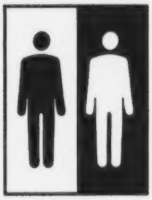
PRO

The present international economic system is unfair. The industrial countries of the North control the world's wealth and keep the developing countries in a state of poverty. The Third World will never be able to provide for its citizens unless the industrialized world is willing to change its trade policies and share its technological advances. The New International Economic Order offers a viable alternative to the present system.

CON

The present international economic system has developed naturally, and the industrialized countries should not feel guilty for their success. The Third World can develop, but only by making difficult economic decisions with guidance from the northern countries. The Third World cannot expect the industrialized countries to foot the bill for its development.

South Africa



South Africa is a nation divided. Although more than 70 percent of South Africa's 30 million people are black Africans, they have few political rights; individual rights are largely determined by race. Strict racial segregation in South Africa is not just a social order, but an official government policy called *apartheid.* Increasingly, blacks there are taking action—both violent and nonviolent—against apartheid.

Mounting civil unrest in South Africa recently forced the government to enact some reforms. Some black South African leaders believe that these reforms mark the beginning of a process that eventually will lead to the sharing of power between whites and blacks.

However, many anti-apartheid leaders say that the reforms are too little, too late. They point out that the government continues to enforce apartheid, has increased the number of arrests and beatings of protesters, and has banned anti-apartheid groups in South Africa.

Many people think that the United States should do more to ease the violence in South Africa and bring about reform. They say the U.S. government has enough political and economic influence to persuade the South African government to change the system of apartheid. However, policymakers remain divided over the best way to get South Africa to change. Some say that behind-the-scenes diplomacy and friendly persuasion is the best route for the United States to take. Others claim that only tougher measures—such as harsh economic sanctions—will force South Africa to end apartheid. In the meantime, many experts believe that South Africa is a time bomb waiting to explode.

Key Questions

- Is quiet diplomacy the best way to change South African policies?
- Should the United States enact more severe economic sanctions against South Africa?
- Should American corporations do business in South Africa?

Background

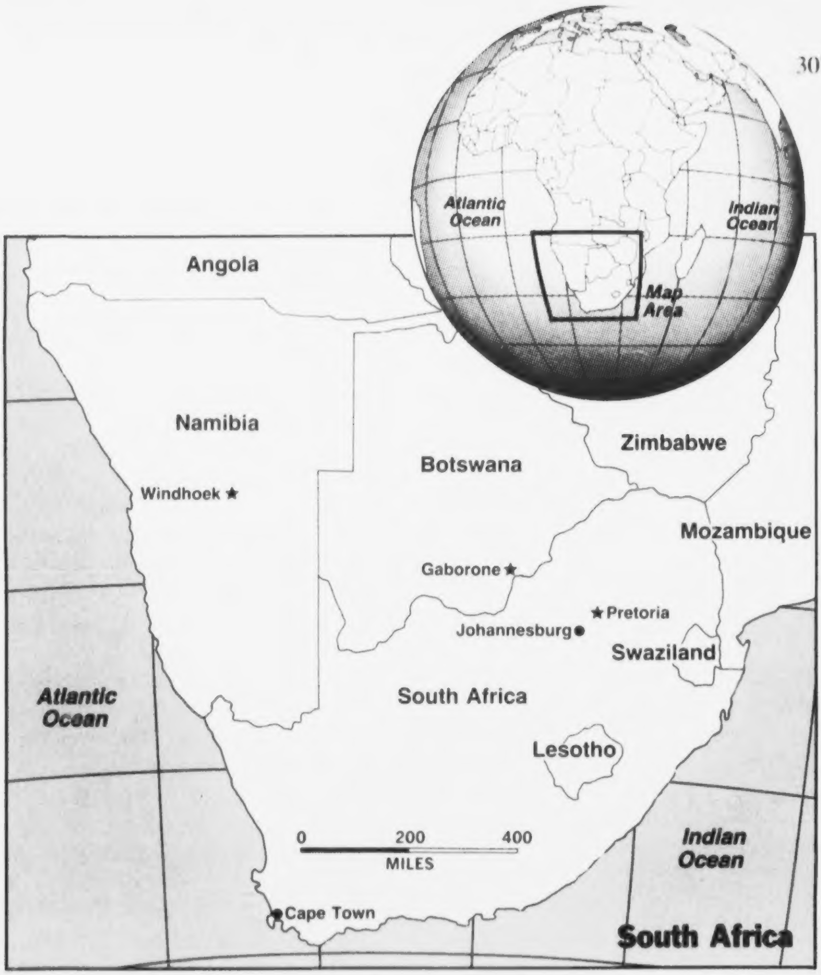
Republic of South Africa

European Settlement. Before the arrival of the Europeans, Khoikhoi shepherds and San hunters occupied the southwestern portion of what is now South Africa. Various African tribes settled the southeastern and northern areas as early as the third century. But the first permanent European settlement, Cape Town, was established on the southwestern coastline in 1652 by the Dutch East India Company. The Dutch, German, and French Huguenot settlers who immigrated to this area became known as Afrikaners. Over time they developed their own economy, culture, and language, *Afrikaans*.

In 1806, Britain annexed the Cape Town colony to its growing empire and began encouraging English emigrants to settle in the area. By the mid-1830s, Afrikaners, unhappy with British rule, began an exodus into the northern and eastern interior where the Zulu and Nguni tribes had long been settled. This exodus is remembered in Afrikaner history as the Great Trek.

Afrikaners were in constant conflict with both the British and the Africans throughout the nineteenth and early-twentieth centuries. The most notable conflict was the Boer War, fought in the 1890s, which pitted Afrikaner Boers (farmers) against the British. Though the Afrikaners lost, they were able to negotiate terms promising them early self-government. Then, in 1910, the Union of South Africa achieved commonwealth status within the United Kingdom, giving the nation more self-rule. In 1933, South Africa became virtually independent, although it remained within the British Commonwealth until 1961.

Apartheid. In the first half of the twentieth century, most white South Africans shared the racial assumptions prevalent among whites everywhere—including those in the United States—that


Atlantic Ocean
Indian Ocean
Map Area
Angola
Namibia
Windhoek
Botswana
Zimbabwe
Mozambique
Gaborone
Pretoria
Johannesburg
Swaziland
South Africa
Lesotho
Atlantic Ocean
0
200
400
MILES
Indian Ocean
Cape Town
South Africa

black people were inherently unequal to whites. Whites believed that they alone should rule since blacks had not "evolved" to the white man's level and because white superiority was the "will of God." Both Afrikaners and English-speaking South Africans shared these views. But *apartheid*, the formal system of racial segregation, was not instituted until 1948, when the Afrikaner-dominated National party was elected into office. Translated from Afrikaans, "apartheid" means "separateness" and refers to the South African government's policy of segregation of the races and its refusal to grant political power to the black majority.

The white minority government believes that apartheid is an appropriate political structure for South Africa, considering it to be a form of "cooperative coexistence." The government says that South Africa is composed of many minorities—the blacks being split between different tribal groups—and that violence and chaos would result if the whites lost control. The government also contends that apartheid allows native black Africans to preserve their cultural heritage by protecting them from the cultures of other races.

Critics believe that apartheid perpetuates extreme inequality for Asians, Coloureds (the official name for racially mixed individuals in South Africa), and blacks. Wages as well as education and health care standards are lower for blacks than for whites. The white standard of living is one of the highest in the world, but almost all blacks live in poverty. Blacks pay higher taxes than whites and have fewer educational opportunities. Health care for blacks in South Africa is so poor that the black infant mortality rate is more than six times greater than that for whites. On the average, whites tend to live fifteen years longer than do blacks.

Blacks in South Africa are denied many political rights. They lack the guarantees that whites enjoy to a fair trial and to protection against arbitrary arrest, searches, and police brutality. More than 22 million blacks cannot vote, and even criminals are kept in separate prisons based on race.

Recently, the government began making some reforms in the system of apartheid. The government now acknowledges the "permanence" of blacks in South Africa, condones interracial marriage, and allows some blacks to own property. The government also abolished passbooks, which contained information on tribal heritage and limited where blacks could travel within South Africa. Previously, a black without a passbook faced imprisonment. Local communities are now free to decide whether to integrate beaches and public restrooms, and international hotels and restaurants may now serve blacks. In addition, the govern-

AP/Wide World Photos

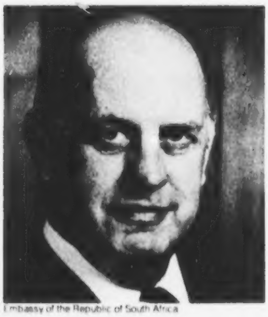
In 1987, the South African government allowed communities to institute change in local apartheid policies. Many towns and cities throughout South Africa responded by integrating beaches, restaurants, and other public facilities.

ment recognizes black unions, which have negotiated new wage contracts giving their 250,000 members a 40-percent boost in income (although white workers still earn far more than blacks).

Homelands Policy. For thirty years, the South African government has promoted a controversial "homelands" program. The government says that by establishing ten homelands for major African ethnic groups, it can create self-rule among its black citizens. The government also believes that the homelands will improve interracial relations and enable blacks to preserve their native cultures. Millions of blacks have been resettled in these areas.

Critics of the homelands program paint a more dismal picture. They say that the homelands are part of a separatist policy designed to strengthen white rule in South Africa. The homelands are overcrowded—encompassing only 13 percent of South Africa—and are generally unsuitable for farming. Most contain few industrial or mineral resources, have high unemployment rates, and are dependent on the government of South Africa. Many blacks in the homelands must take jobs in "white" South Africa to survive. The government restricts the number of workers who can migrate from the homelands and prohibits workers from bringing their families into white areas.

Domestic Opposition to Apartheid. Within South Africa, several groups are working to abolish apartheid. The African National Congress (ANC) is the oldest and best known of these groups. The South African government has outlawed the ANC because it supports violent means to end apartheid. The government accuses the ANC of being a terrorist group with communist support. Nelson Mandela, former president of the ANC, was jailed for sabotage in 1962 and is serving a life term. Many consider Mandela to be the symbolic leader of the anti-apartheid movement.



Embassy of the Republic of South Africa

Pieter Willem Botha became president of South Africa in 1978. Although Botha is credited with instituting many reforms, critics claim that he is not committed to ending apartheid.

Other anti-apartheid groups are trying to negotiate with the government to ensure that political change comes peacefully. These groups include:

- the United Democratic Front, a multiracial coalition of some 600 organizations including labor unions and churches;
- the South African Council of Churches, whose membership includes Bishop Desmond Tutu;
- the Progressive Federal party, a white opposition party that supports full citizenship for all South Africans; and
- the Inkatha, a black organization with more than 1 million members.

World Opposition to Apartheid. International opposition to apartheid has been strong and highly vocal, especially in the United Nations (UN). During the 1950s, the United Nations appealed to South Africa to end apartheid. South Africa's response has been that the matter is a domestic issue and outside the jurisdiction of the United Nations. In 1962, the UN General Assembly called on member states to break off diplomatic relations with South Africa, to boycott goods made in South Africa, and to stop exporting certain goods to South Africa, especially arms. In the years that followed, the United Nations continued to condemn specific South African policies, including the establishment of homelands. In 1978, the UN Security Council made the arms embargo against South Africa mandatory—the first time the council had taken such strong action against a member nation. The General Assembly also requested member nations to stop participating in joint sports events with South Africa. As a result, South Africa may no longer participate in the Olympics.

Thus far, neither economic boycotts nor arms embargoes have succeeded in forcing South Africa to end apartheid. In large part, economic boycotts have failed because they have only slightly affected South Africa's economy. South Africa contains rich supplies of precious and other metals that are in constant demand on the world market. In addition, although the countries that surround South Africa adamantly oppose apartheid, they rely on the nation for trade, food, and transport. For example, Botswana, a landlocked nation just north of South Africa, depends on South African railroads to transport its imports and exports to and from market.

In addition, the effectiveness of the UN arms embargo has been limited. Many nations have ignored the embargo and sold arms to South Africa. Moreover, South Africa has developed its own sophisticated arms industry and is now among the ten largest exporters of weapons in the world. Finally, South Africa may have developed a small nuclear arsenal within the last several years.

U.S. Policy

American Interests in South Africa. South Africa is important to the United States for a number of reasons. First, most of the oil exported from the Middle East to Western countries is shipped around South Africa. Second, the United States wants to curtail Soviet influence in southern Africa, and the present South African government is strongly anti-Soviet. Third, the United States has close trade and economic links with South Africa.

Trade between the United States and South Africa totals more than $4 billion a year. Of all African countries, only oil-rich Nigeria exports more to the United States, and only Egypt offers a larger African market for U.S. exports. Fourth, South Africa is a major supplier of rare minerals such as antimony, vanadium, gold, and diamonds, and is our nation's only source of chromium and platinum—both essential for the production of military weapons. The only other nation that could supply chromium and platinum in sufficient quantities is the Soviet Union. For these reasons, many analysts consider it vital that the region remain in the control of a government friendly to the United States.

Attracted by the wealth in the region, American businesses have invested heavily in South Africa. Some 300 American corporations have invested more than $2 billion in South Africa. In addition, American banks have loaned more than $4.5 billion to South African companies. U.S. investment in South Africa (including loans, shares in South African companies, and U.S. companies there) is estimated at $15 billion.

Department of State

Edward J. Perkins is the U.S. ambassador to South Africa. In a recent speech, Perkins challenged the Botha government to establish a political system that fairly represents the black majority in South Africa.

U.S. Policy Toward South Africa. Although past administrations have criticized apartheid, Jimmy Carter was the first president to incorporate human rights and opposition to apartheid into his foreign policy. In 1978 on the thirtieth anniversary of the UN Declaration of Human Rights, President Carter included South Africa on his list of seven nations that "continue to practice repression." U.S.-South African relations cooled further when Carter worked with Great Britain to mediate the transfer of power from whites to blacks in neighboring Rhodesia (now Zimbabwe).

During his first term in office, President Ronald Reagan believed that Carter's approach failed to alter the power structure in South Africa and hurt U.S. interests in the region. He thought that the best way to bring about peaceful change in South Africa was through "quiet diplomacy," or the policy of "constructive engagement." He emphasized the importance of economic cooperation and behind-the-scenes persuasion with South Africa to urge that nation to abolish apartheid. In September 1985, President Reagan strengthened his policy by imposing economic sanctions against South Africa. These included banning the sale of computers to the South African military, limiting future loans to the government, and halting the sale of South African gold coins (Krugerrands) in the United States.

Congress believed that even stronger measures were needed and passed additional sanctions in 1986. The new measures bar future American investment in South Africa; ban the importation of steel, coal, food, and other South African products into the United States; and prohibit South African airlines from landing in the United States.

Crisis and Change. For the last several years, the South African government—under President Pieter W. Botha and the National party—has faced a growing crisis. The crisis began in September 1984, when the white minority government sharply increased rents for blacks living in urban areas. Blacks, already suffering from high unemployment, protested the increases and joined more than 200,000 students who were boycotting schools in an effort to change the country's educational system. The protests soon encompassed a wide range of political issues. The government reacted strongly to the growing demonstrations and suppressed them with force.

In July 1985, the government declared a state of emergency to restore order in troubled black areas. The declaration gave the government wide-ranging police powers to search and seize property, to arrest and detain people without formal charges, to seal off designated areas, and to censor news coverage. But the state of emergency did not end protests against apartheid.

In December 1985, more than 400,000 black workers formed the Congress of South African Trade Unions (COSATU) to press for political and economic changes. COSATU demanded the abolition of regulations that restricted the movement of blacks; otherwise political action—per-

Reuters/Bettmann Newsphotos

Nelson Mandela is the former president of the African National Congress (ANC). Mandela has been serving a life sentence in a South African jail since being convicted of sabotage in 1962. Many consider Mandela to be the symbolic leader of the anti-apartheid movement.

haps a strike—would be taken. Because COSATU is made up of workers in mining, food production, retail trade, and transportation, a strike could paralyze South Africa. For the first time, black workers threatened to use their economic strength to push for major political change.

The crisis continued in 1986. In June, younger, more radical blacks began taking violent action against the government. These blacks believed that the time for compromise with the whites had passed. The government reinstated its state of emergency and succeeded in reducing political unrest. But by 1987, the combination of mounting unrest in the black homelands, international pressure to end apartheid, and a weakening economy forced the South African government to institute more reforms. Some of the recent changes enacted by the Botha government include:

- the release of many black activists from prison, including Govan Mbeki, a prominent leader of the ANC;
- establishing the first interracial governing body;
- increasing expenditures for black schools by more than 40 percent; and
- desegregating movie houses and drive-in theaters.

Although some observers criticize the recent reforms as "tokenism" and "too little, too late," others—including some black South African leaders—believe that the reforms mark the beginning of a process that will eventually lead to the sharing of power in South Africa.

Current Issues

U.S. Policy: Quiet or Public Diplomacy? People in the United States differ over how reform in South Africa can best be accomplished. Some believe that change must be slow and peaceful. They want the U.S. government to practice "quiet diplomacy" (also called "constructive engagement"), which emphasizes economic cooperation and friendly, behind-the-scenes persuasion. According to the supporters of quiet diplomacy, harsh criticism and public pressure make South Africa defensive and more resistant to change.

Other Americans, however, believe that quiet diplomacy has not improved the situation in South Africa. They claim that U.S. policy has undercut years of international efforts to force South Africa to change by isolating it from the international community, and that South African authorities believe they can continue practicing apartheid without fear of U.S. reprisal. Critics say that quiet diplomacy gives the impression that the United States supports apartheid, a position that weakens U.S. influence throughout black Africa. Moreover, critics say that once the black majority takes over in South Africa, the blacks will remember that the U.S. government did not oppose apartheid strongly enough.

Reuters/Bettmann Newsphotos

Govan Mbeki, former chairman of the African National Congress (ANC), was sentenced to life imprisonment for treason in 1964. Although the government suddenly released Mbeki in 1987, the anti-apartheid leader has been banned from public speaking and his movements are closely monitored.

Economic Sanctions. Some anti-apartheid groups believe that economic sanctions are the most effective way to bring about change in South Africa. They note that economic sanctions helped bring white minority rule to an end in Rhodesia (now Zimbabwe) during the late 1970s. These groups contend that the South African government will respond only to harsh economic measures. They would like the government to broaden U.S. sanctions against the white minority government and halt all U.S. trade and intelligence cooperation with South Africa.

Opponents to economic sanctions say that further sanctions would not promote reform in

South Africa. They argue that South Africa is an autonomous country rich in energy and minerals. Moreover, Afrikaners are a proud, independent people who would rather survive on their own than give in to outside pressure. The real loser would be the United States, which depends on South Africa for minerals essential for producing weapons.

Divestment. Many Americans argue that private investment in South Africa helps finance apartheid. They believe that U.S. corporations should divest (dismantle) their factories and other operations in South Africa. The loss to the economy would cripple South Africa's government, forcing it to negotiate an end to apartheid. Moreover, supporters of divestment argue that, by continuing business relations with South Africa, the United States is collaborating with the racist government.

Opponents to divestment, however, believe that reform in South Africa will occur only in an environment of political and economic stability. Divestment would only create economic chaos. Opponents argue that American corporations in South Africa hire black workers, pay them the same wages as whites, and offer them opportunities for career advancement. A sudden withdrawal of U.S. companies from South Africa could hurt as many as 180,000 blacks. Many businesses also point out that they follow the Sullivan principles—a code of conduct mandating equal employment practices for black South Africans—and that other companies replacing departing American firms might not offer similar opportunities to blacks.

However, recently, some American companies—including Kodak, General Motors, and IBM—announced that they were leaving South Africa. These companies cited declining profits and South Africa's reluctance to end apartheid as reasons for their departure. But some critics say that most of the withdrawing companies will continue to earn money in South Africa through sales of their products by local businesses.

Censoring the Messenger

In November 1985, the South African government began censoring international press coverage of anti-apartheid protests. According to *Harper's* magazine, the ABC evening news showed an average of 10.8 minutes of coverage from South Africa every night in the month before the censorship. In the month following the ban, ABC coverage fell to 3.2 minutes a night.

Outlook

Although the white minority government in South Africa has enacted many reforms, the main pillars of apartheid remain in place. More and more blacks in South Africa want "one person, one vote" political representation. However, the government does not want to give blacks full voting rights because it fears that whites will fall under black domination. Some black leaders are ready to use violence to achieve equality, but revolution in South Africa may lie far in the future. The government is stable and powerful, with enough wealth to pay its foreign debts and keep the economy going, and its police and military forces are strong enough to crush any internal unrest. For these reasons, many observers hope that the United States and other countries—through economic influence and diplomatic persuasion—can help steer South Africa toward reform.

The Debate South Africa

Is "Quiet Diplomacy" the Best Way to Change South African Policies?

PRO

The Carter administration's policies on human rights did not work. Neither do threats. Friendly persuasion and behind-the-scenes diplomacy are the most effective ways to promote change. If we take a combative stance against South Africa, the government there will only become more resistant to change. Quiet diplomacy permits South Africa to take the slow, painstaking steps to end apartheid. The South African government is moving in that direction.

CON

Quiet diplomacy has been an ineffective policy. Several years of behind-the-scenes pressure from the U.S. government has not changed the situation in South Africa. Nonwhites still face discrimination—they suffer in low-paying jobs, they receive inadequate education and health care, and they are denied the right to vote. The United States should not support South Africa, publicly or privately, until the government ends apartheid.

Should the United States Enact More Severe Economic Sanctions Against South Africa?

PRO

South Africa will change only under pressure—through economic sanctions. While the current sanctions are a good start, they will not lead to reform. In fact, the South African government believes that the United States will never take a firm stand against apartheid. We must raise the economic cost of maintaining apartheid, and the only way to do this is with sanctions.

CON

Further economic sanctions will not work. South Africa is too self-sufficient, and the white minority government is too stubborn to give in to outside pressure. If we impose harsher sanctions, we will lose our ability to promote behind-the-scenes change. Moreover, other nations will rush in to trade with the South Africans, counteracting our sanctions.

Should American Corporations Do Business in South Africa?

PRO

Trade with South Africa is vital to the United States. We have no other source for many of the minerals South Africa exports. More important, American businesses in South Africa provide jobs and equal opportunity for blacks, even if their society does not. If American businesses pulled out now, the plight of blacks in South Africa would worsen and social tensions would rise.

CON

American investment in South Africa is nothing less than collaboration with a racist government. The taxes that U.S. corporations pay to the South African government help support white minority rule. The rest of the world sees the American presence in South Africa as support for apartheid. U.S. corporations should not conduct business in South Africa as long as racial discrimination is "business as usual."

China

中國

For many years, the leaders of China have posted inspirational messages on city walls. During the 1950s and 1960s, mottos such as "Sacrifice for Socialism" and "Work Is Struggle" exhorted workers to produce more for the state. Today, however, new slogans encourage workers to make—and spend—money for themselves. "To Get Rich Is Glorious" and "Time Is Money" appear in elaborate wall posters as well as handwritten scraps of paper in the huts of peasants.

This shift—from hard-line communism and self-sacrifice to the accumulation of personal wealth—reflects the changing philosophy of China's new leaders. In 1978, when former premier Deng Xiaoping came to power, he decided that China's Marxist system of state ownership, government planning, dictatorship, and restricted freedoms was preventing China from competing effectively in the modern world. To establish China as a major economic world power, Deng launched a "second revolution," which combined elements of new capitalism and traditional communism. Deng's new policies opened the door to trade with the West—particularly the United States.

Experts predict that Deng's successors will continue his policies of openness. And the United States, struggling to eliminate its huge trade imbalance, is eager to expand trade with China. However, serious problems exist between the two countries. The continuing call for protectionist policies in both the United States and China may threaten further trade expansion. And China continues to object to U.S. military support of Taiwan, "the other China." Analysts say that these issues must be resolved if Sino-American relations are to improve.

Key Questions

- Should the United States continue to improve relations with the P.R.C. even at the expense of Taiwan?
- Should the United States expand trade with the P.R.C.?
- Should the United States continue to sell arms to Taiwan?
- Should the United States help modernize the armed forces of mainland China?

Background

The People's Republic of China

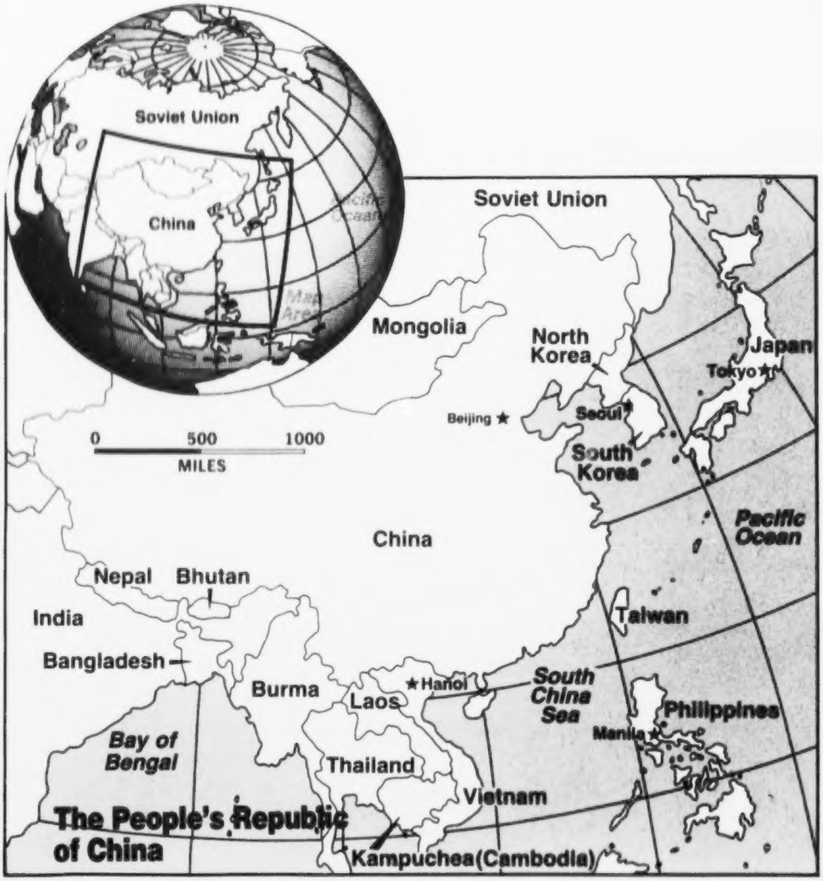
UPI/Bettmann Newsphotos

Mao Zedong was one of the founders of the Chinese Communist party. In 1949, he founded the People's Republic of China and remained China's leader until his death in 1976.

Communist Takeover (1949). During World War II the Chinese Communist party, led by Mao Zedong, and the Kuomintang (Nationalist) party, led by General Chiang Kai-shek, put aside their bitter conflicts to fight together against the Japanese. But after Japan's defeat in 1945, the two parties resumed their civil war for control of China. With aid from the Soviet Union, the Communists built a strong base of support in China's vast rural areas, where the peasants lived in extreme poverty resulting from years of war and excessive rents paid to landowners. On October 1, 1949, the long struggle ended in a Communist victory. Mao and his assistant, Zhou Enlai, proclaimed the new People's Republic of China (P.R.C.).

Mao's philosophy—collected in what became known as "The Little Red Book"—formed the basis of the new political system. Central to his philosophy were economic goals to eliminate poverty and inequality within the masses through the redistribution of food, land, and other resources. Private ownership of property was eliminated almost totally. The government took over farms and factories and promised to share profits with the workers. Communist party officials were placed in charge of national, regional, and local levels of government. Chiang and many of his followers fled to the island of Taiwan, where they reestablished the Republic of China and claimed sovereignty over all of China.

Great Leap Forward. The first ten years of Communist rule produced some notable economic achievements but fell far short of meeting the people's needs. In 1958, Mao announced a massive new economic program known as the Great Leap Forward, intended to modernize Chinese agriculture and industry within a few years. The program was a disaster. It not only failed to reach its eco-


Soviet Union
China
Pacific Ocean
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Soviet Union
Mongolia
North Korea
Japan
Tokyo
Beijing
Seoul
South Korea
0
500
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MILES
Pacific Ocean
China
Nepal
Bhutan
Taiwan
India
Bangladesh
Burma
Laos
Hanoi
South China Sea
Philippines
Manila
Bay of Bengal
Thailand
Vietnam
The People's Republic of China
Kampuchea(Cambodia)

nomic goals, but also provoked unrest among the people.

Sino-Soviet Split. Throughout the 1950s, the Soviet Union sent advisors and financial aid to the P.R.C., and the two countries formed a powerful Communist alliance. But conflicts arose over political ideology, foreign policy, and location of the Sino-Soviet border. Chinese leaders felt that the Soviet Union was not following the principles of communism and criticized the Soviets for improving relations with the West. China rejected the Soviet policy of "peaceful coexistence" with capitalist countries such as the United States, saying that armed conflict between capitalism and communism was inevitable. The Chinese were also angry when the Soviets broke a promise to help them develop nuclear weapons. The Soviet Union refused to return disputed territory along the Sino-Soviet border that China claimed had been taken under "unfair" treaties many years before. In August 1960, the Soviets withdrew their advisors and cut off their financial and technical aid. During the next ten years, the Sino-Soviet split became increasingly bitter.

Cultural Revolution (1966-76). By 1966, Mao and some of his close followers believed that large segments of the Chinese people and the Communist party had lost sight of the original goals and principles of the revolution. They proclaimed a Cultural Revolution to purge the Party and the population of "negative" attitudes and to fill the people with revolutionary fervor and ideas. Millions of students, professors, government bureaucrats, and industrial managers were sent to the countryside to farm the land and be reeducated "through labor." The Cultural Revolution proved even more disruptive than the Great Leap Forward. It split the Party and left the country on the verge of civil war.

Power Struggle Within the P.R.C. When Mao and Zhou Enlai died in 1976, Deng Xiaoping, a pragmatist and close ally of Zhou, was pitted against the so-called Gang of Four in a power struggle. The Gang of Four included Mao's widow, Jiang Qing, and other radicals within the Party who believed Deng was unfaithful to the principles of the 1949 revolution. After a brief period in power, the Gang of Four was purged from the Party, and in a much publicized trial late in 1980, they were convicted of crimes against the state. Deng Xiaoping emerged as the leader of China.

Changes in Economic Policy. Although the overall structure and principles of communism have remained intact, Deng and other leaders have altered Chinese economic policy radically in order to make rapid economic gains. They have initiated an "open door" policy with the West—particularly the United States—to increase trade and attract foreign investors to China. Deng calls his new economic policy "socialism with Chinese characteristics." He hopes to quadruple economic productivity by the year 2000 by modernizing Chinese agriculture and industry. To direct this rapid modernization, Deng has instituted a program of replacing China's aging leaders with *technocrats*—university-educated specialists who are trained more in economics and government management than in Communist ideology.

To increase agricultural and industrial productivity, the Chinese are experimenting with capitalist concepts such as limited private property, free-market competition, the profit motive, and other material incentives. Chinese workers are encouraged to make money, and some have become rich. Most people welcome the increase in income, which enables them to buy "luxury" goods such as refrigerators and color television sets. These economic changes have resulted in strong industrial growth, record harvests, and a doubling of rural workers' incomes.

New Leadership. In November, 1987, Deng Xiaoping announced that he was retiring from his post as leader of the Chinese Communist party. But before his announcement, Deng persuaded or forced nearly all of the aging revolutionaries who helped bring Communist rule to China forty years ago to retire as well. This massive "house cleaning" leaves control of China in the hands of a new generation of leaders that is younger and better educated than their predecessors. Many observers in the West believe the new leaders will continue Deng's economic reforms well into the next century.

U.S. Policy

Opposition to Communist China. In the early years of the Cold War, the United States based its foreign policy on stopping the spread of commu-

China's Baby Boom

China's birthrate has begun to climb after more than ten years of decline. At current levels, experts estimate that China will have 1.28 billion people by the year 2000—84 million more than planned for by the government. China's huge population is expected to cause future housing and food shortages.

nism. For this reason, the United States supported Chiang Kai-shek during the Chinese civil war. Although his government was corrupt and undemocratic, Chiang was anticommunist. When Chiang lost the civil war, he fled to the island of Taiwan and established a government-in-exile called the Republic of China (R.O.C.). Chiang claimed that the R.O.C. was the rightful government of mainland China. The United States signed a treaty promising to defend the R.O.C. in case of attack and to send large amounts of military and economic aid. In addition, many American companies invested in the Taiwanese economy. Meanwhile, relations with the mainland were cold at best, reaching a low point during the Korean War (1950-53), when American and Chinese troops met in battle.

Over the next twenty years, Sino-American relations remained strained. The United States refused to recognize the People's Republic of China, and mainland Chinese leaders were outspokenly anti-American. But by the late 1960s, relations between the Soviet Union and the P.R.C. reached a warlike state, and the Chinese began to look toward the United States as a possible ally. At the same time, the Chinese feared that the United States and the Soviet Union were moving toward an alliance, and acted to head this off by inviting President Richard Nixon to China.

Nixon's China Policy. In late 1971, the world was stunned when President Nixon announced he was going to the People's Republic of China. Nixon's trip was a historic occasion, the first friendly official contact between the two nations in three decades. Nixon's foreign policy was a radical departure for the United States. China, with its huge territory and enormous population, was becoming a major world power—perhaps another superpower. Nixon recognized this, and felt that the United States could take advantage of the conflicts between the P.R.C. and the Soviet Union. Nixon's visit acknowledged China's new status and prestige as a world power and set the stage for the Sino-American relationship that developed in the 1970s and 1980s.

Nixon Project, National Archives

President Richard Nixon and Chinese Communist leader Mao Zedong exchange greetings in 1971. President Nixon's historic trip to China was the first official contact between the United States and the People's Republic of China in more than thirty years.

U.S. Support for Taiwan. Relations continued to improve when President Gerald Ford went to China in 1975. In 1979, President Jimmy Carter normalized relations with China and invited Deng Xiaoping to visit the United States. After thirty years of official nonrecognition, the United States exchanged ambassadors with China and sought further cooperation in many fields. However, at the P.R.C.'s insistence, the United States broke off official relations with the Taiwanese government—the Republic of China—and recognized the P.R.C. as the sole legitimate government of China.

Congress was upset about the way President Carter treated Taiwan—a former U.S. ally—and quickly passed the Taiwan Relations Act. Under this act, the United States promised to defend Taiwan from attack and pledged to continue selling defensive (but not offensive) weapons to the Taiwanese. Although disturbed by this pledge, the P.R.C. nevertheless agreed to accept it temporarily,

The White House

President Jimmy Carter, shown here with Chinese leader Deng Xiaoping, normalized relations with the People's Republic of China in 1979. The United States regards the P.R.C. as an important economic and strategic ally.

provided the United States did not recognize two Chinas officially.

Reagan's China Policy. During the 1980 presidential campaign, Ronald Reagan called for the renewal of formal relations with Taiwan. Since his election, however, President Reagan has avoided talking about Taiwan as the "true" China. Instead, he has embarked on a course to improve trade relations with the P.R.C. while maintaining Taiwan as a military ally. In 1984, President Reagan visited the P.R.C. and pledged to increase trade with the mainland. However, despite the Reagan administration's apparent optimism, Chinese leaders still view U.S. military aid to Taiwan as a major obstacle in relations between the United States and China.

Nuclear Technology Trade. China's leaders are interested in building nuclear power plants, and many U.S. experts believe that supplying the Chinese with the materials to build them is potentially the most profitable area for U.S. companies. President Reagan tentatively agreed to a pact in 1984 in which the United States agreed to supply China with nuclear technology. But under U.S. law, any country that receives nuclear technology must sign a written promise stating that they will not use the technology for military purposes, and that they will not pass the technology on to another country that does not have nuclear weapons. At first the Chinese refused to sign the promise, although they did give verbal assurances that they would abide by U.S. demands. President Reagan believed that the verbal assurances of the Chinese were sufficient, and in 1985, the pact was signed and sent to Congress for approval.

Congress denounced China's unwritten promises as unacceptable, claiming that the Chinese could not be trusted. The Senate attached a provision to the pact that would require China to certify publicly that it would not sell nuclear technology to other nations. The Chinese stated that any additions to the original agreement would not be acceptable and that this new provision could adversely affect other aspects of Sino-American trade. Only after President Reagan promised to monitor the pact did Congress drop the provision.

Current Issues

Expanding the China Market. Since Marco Polo's famous expedition to China in the thirteenth century, the idea of trading with the Chinese has fascinated the Western world. The prospect of vast markets in the world's most populous country is no less intriguing in the twentieth century. The Chinese are also interested in trade. The Chinese government has declared that an "open door" trade policy with the West is the only way to overcome the poverty, backwardness, and ignorance that China has created for itself through hundreds of years of isolation. To this end, China has sought to increase trade between China and the West. From 1979 to 1980, American exports to China doubled, and China surpassed the Soviet Union as the largest

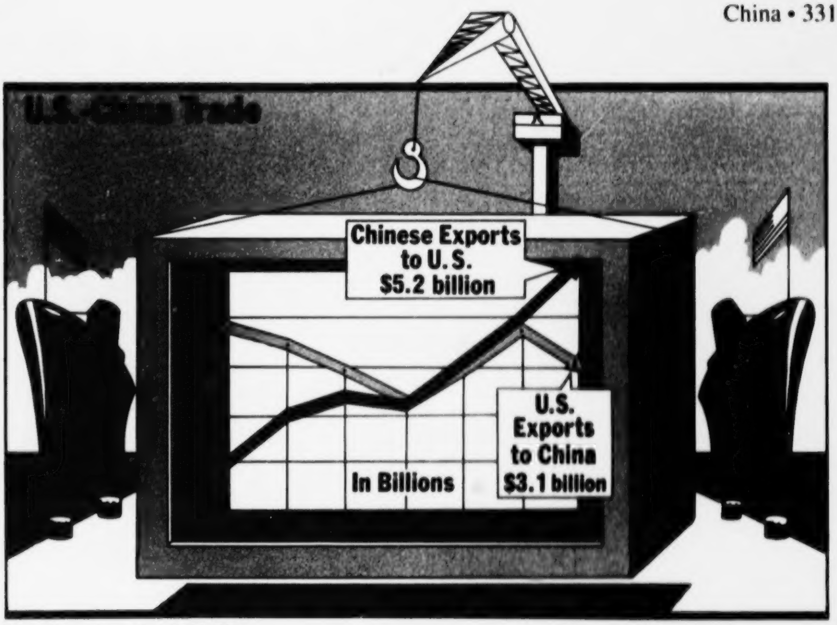
The Coca Cola Company

Many American companies have begun operations in the People's Republic of China. With more than a quarter of the world's population, the P.R.C. offers a lucrative market for many American products.

Communist market of the United States.

The Chinese export mostly clothing and textiles, oil products, art and antiques, and a small amount of metals such as tin and tungsten. The United States exports to China mostly food, fertilizer, and lumber. But the Chinese also buy millions of dollars' worth of aircraft parts, computers, oil-drilling equipment, and modern industrial machinery. To increase direct foreign investment in China, the government is putting an end to its traditional isolationism. It has recently allowed foreign businesses to invest in many coastal cities, has shortened the process of approving this investment, and has given overseas companies and their products more access to China's huge domestic market. Although both countries would like to expand trade and U.S. investment in China, serious problems between the two nations could prevent this from happening.

U.S. Protectionism. U.S. clothing manufacturers complain that Chinese imports cost less than American-made products because labor costs are so low in China. In response to these claims, the United States has imposed strict limits on the importation of Chinese textiles. The Chinese claim that these protectionist measures hurt economic



Source: National Council for U.S.-China Trade

Since 1979, trade between the United States and China has increased steadily. The primary exports of the United States include grain, timber, and fertilizer. The Chinese export textiles, oil, and art.

growth in their country. Recently the Chinese boycotted American agricultural goods to protest the imposed textile limits. The Chinese government says that these limits cost thousands of jobs in China and asked the United States government to prohibit any further restrictions on U.S.-China trade.

U.S. Business Concerns. While American businesses see China as a great potential market, they also see some risk. An increased Western presence in China could provoke a cultural backlash against the United States and lead to nationalization or expulsion of American businesses. Another concern is that despite its population of more than 1 billion, the Chinese market may not be profitable enough for U.S. companies. The average Chinese wage is less than $400 a year, and American goods may be simply too expensive for Chinese workers. While some American corporations must decide whether the potential benefits outweigh the investment risks, others already think they do. Companies with low-priced products, such as Coca-Cola, Camel cigarettes, and Kentucky Fried Chicken, have begun to sell their goods in China.

U.S. Arms Sales to the P.R.C. Since 1984, the United States has sold modern arms to the Chinese, including antiaircraft missiles, artillery equipment, and antitank weapons. Most U.S. and Chinese officials believe that these military sales will strengthen Sino-American ties and help to modernize the military forces of mainland China.

Supporters of this policy see military sales to China as part of a larger military strategy. They believe that if Chinese troops are better armed, the Soviets will have to concentrate a larger portion of their forces on the Sino-Soviet border, thus lessening the Soviet presence in Europe. However, some U.S. military leaders hesitate to provide advanced U.S. weapons to a Communist nation. They fear that China again might reject the United States on ideological grounds and turn those same weapons against the United States or its allies. They also fear that China might use those weapons to recapture Taiwan.

The Issue of Taiwan. The Chinese state that good relations between the United States and China cannot be secure until the "two Chinas" issue is resolved. The Chinese government wants the United States to push capitalist Taiwan to join the P.R.C. Under China's "one country, two systems" approach, the Chinese have promised Taiwan that it would remain a special administrative region with its own military force. Taiwan rejects these offers, calling them a propaganda ploy. However, Chinese leaders feel that if the U.S. government would apply more pressure on the Nationalists in Taiwan, the "two-Chinas" question would be answered once and for all.

The United States feels that it has an obligation to support the Nationalists, and therefore continues to supply arms to Taiwan. U.S. policy makers state that the United States cannot motivate Taiwan to do anything it does not want to do and that the two nations must resolve their differences without the assistance or interference of the United States.

Outlook

Since President Carter formally recognized the People's Republic of China in 1979, the United States has been strengthening its economic and military ties with the P.R.C. Deng Xiaoping's "second revolution" has helped Sino-American relations by opening China's doors even more to U.S. trade and investment. The new leadership in China is expected to continue Deng's policies. But the future of Sino-American relations remains clouded. Chinese leaders have stated that they wish to remain independent and do not want the increase in Western trade to be taken as a sign that a permanent Sino-American alliance is in the future. Chinese leaders also state that U.S. military support of Taiwan remains a major stumbling block in Sino-American relations. Until these issues are resolved, Sino-American relations will progress slowly.

The Debate

China

Should the United States Continue to Improve Relations With the P.R.C. Even at the Expense of Taiwan?

PRO

China is becoming the world's third superpower, and improved relations with the P.R.C. will benefit the United States. By becoming involved with China's modernization program, the United States can promote American interests in Chinese foreign and domestic policies. China is strategically located in Southeast Asia and could protect U.S. interests there. China's population of more than 1 billion people—a quarter of the world's total population—represents a huge potential market for U.S. businesses.

CON

The United States has little to gain by improving relations with the P.R.C. The aim of all Communist nations is to control the world by promoting Communist revolution. The Chinese are merely opportunists who will promote good relations with the United States only as long as they need American technology and investment. The Chinese have stated that they do not want a permanent alliance with the United States. When the United States is no longer useful to the Chinese, their government might threaten to take over U.S. businesses in the P.R.C.

Should the United States Expand Trade With the P.R.C.?

PRO

The United States needs a strong ally in Asia. Good trade relations will help bring the United States and China closer together. In addition, the People's Republic of China, with a population of more than 1 billion, is a vast market for American industrial and agricultural exports. Trade with the P.R.C. can give a needed boost to the U.S. economy. Japan and many European countries already have increased their trade with the Chinese. The United States should, too.

CON

The United States should be cautious about investing American dollars in the People's Republic of China. Because the average Chinese person makes less than $400 a year, few can afford American products. Also, the Communist government might someday decide to seize American-owned property. The worst possible outcome of increasing trade with China would occur if the Chinese bought sophisticated computers, applied that technology to their weapons, and then threatened the United States or its allies.

Should the United States Continue to Sell Arms to Taiwan?

PRO

It is morally wrong and politically unwise to cut off arms sales to Taiwan. The world image of the United States has been hurt seriously in recent years—the loss in Vietnam, Soviet and Cuban aggression in Africa, the fall of Iran, and now, the desertion of Taiwan. The United States must honor its commitments. Continued arms sales to Taiwan will demonstrate that the United States does not abandon its allies.

CON

Military sales to Taiwan harm Sino-American relations, and establishing good relations with the world's most populous country is far more important than selling weapons to Taiwan. Taiwan does not need the weapons. China has pledged not to invade Taiwan. The Taiwanese will continue to be important trade partners, and the United States has pledged to defend them in case of attack.

Should the United States Help Modernize the Armed Forces of Mainland China?

PRO

The United States should help modernize the Chinese military. China's huge army and its nuclear forces pose a significant threat to the southern and eastern borders of the Soviet Union. If China's aging arsenal were updated, the Soviet Union would have to divert some of its military strength away from its European border. Supplying China with modern weapons also would demonstrate our goodwill and lead to stronger diplomatic and economic relations.

CON

Modernizing China's military with U.S. arms will not divert Soviet forces from Europe. The Soviet Union will respond by building up its military forces in East Asia. The Chinese might someday use their new weapons against the United States. Moreover, P.R.C. leaders are interested in more than just receiving U.S. weapons. They want U.S. weapons technology so they can produce modern weapons on their own. Those weapons eventually could be used to intimidate U.S. allies in Asia, including Taiwan.

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